

NATION'S BUSINESS

DECEMBER • 1932



What the
Election means
to the
Business Man

ALSO
TIMELY ARTICLES
ON...

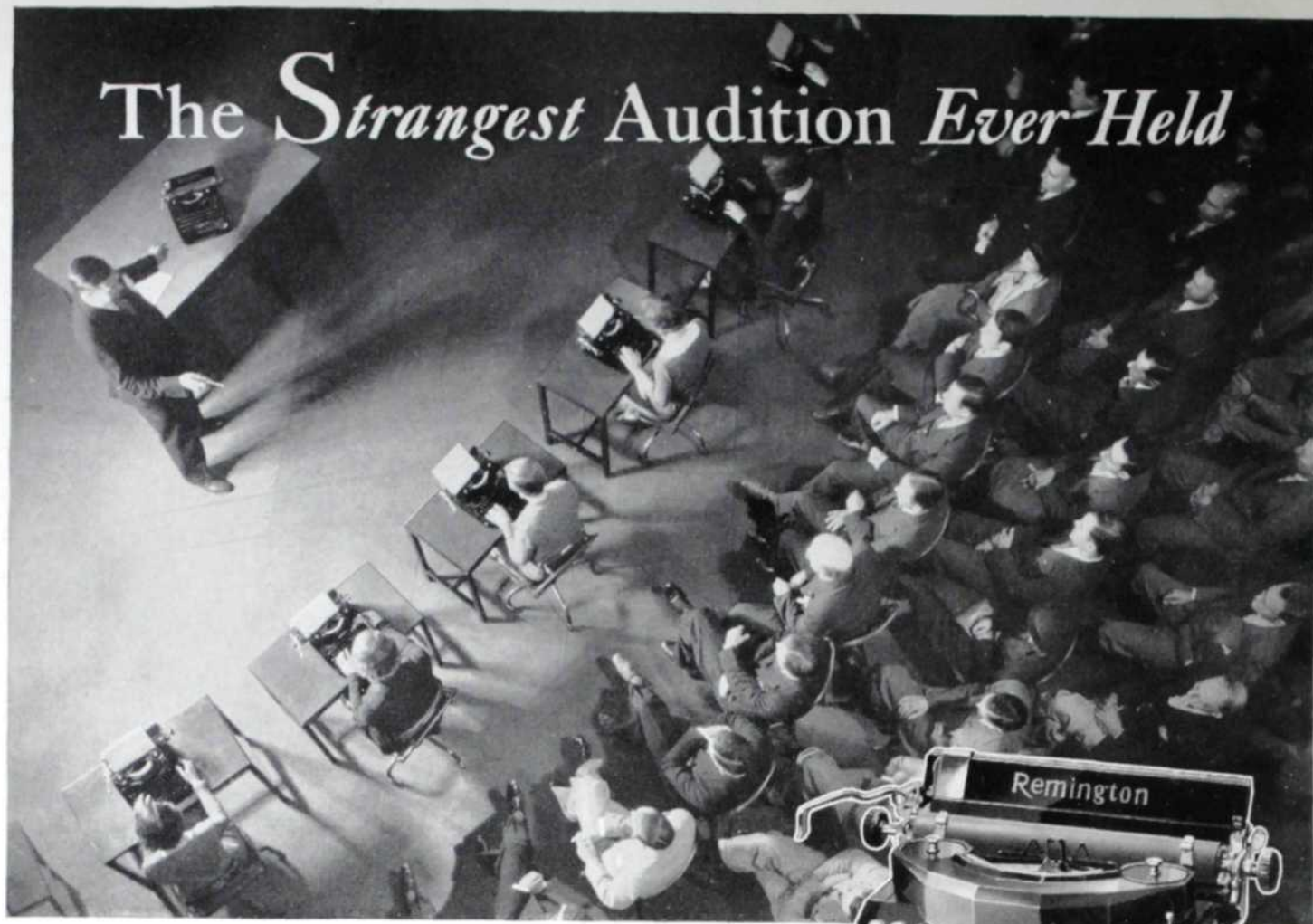
The Sales Tax
New Products
Street Railways



PUBLISHED BY THE
U. S. CHAMBER OF COMMERCE



The *Strangest* Audition Ever Held



You Too Can Turn Off The Noise!

● AT our invitation, many prominent executives and office managers attended this audition . . . we wanted them to hear and see for themselves the most convincing demonstration of the effect of typewriter noise.

For the test we used a room with the usual acoustic properties . . . In front of our guests was a battery of 12 typewriters and 12 skilled operators . . . within easy voice distance of our audience a man commenced to speak . . . his voice carried distinctly to every corner of the room. At a given signal, the 12 operators began to typewrite . . . the audience began to fidget . . . became restless . . . the speaker's lips were still moving, but not one in that audience could distinguish a word he said.

Suddenly someone cried, "Turn off the noise!" The right hand of each operator descended to the right-hand side of each machine and touched a button.

They Couldn't Believe Their Eyes

The operators' hands continued to fly over the typewriter keys . . . those 12 machines, as if by magic, had become "Noiseless."

But Their Ears Told Them The Truth

The voice of the speaker was again distinct . . . every syllable he uttered was heard in every corner of the room. Remington Engineers had scored another triumph over noise!

NEW



Remington Noiseless

**COSTS NO MORE THAN ORDINARY
OFFICE TYPEWRITERS**

● A NEW noiseless principle has been built into this new Remington typewriter . . . the result of years of experiment and development by our engineers. It has been time tested under all conditions . . . operators are delighted with its new and easy "touch," fast return of carriage and the remarkably short silent flight of its type bars. Remington-Rand presents to the business world another million-dollar typewriter.

New light weight . . . new compact size . . . new moderne beauty that does

honor to its Noiseless performance, yet it costs no more than ordinary typewriters!

Ask For An Audition In Your Office

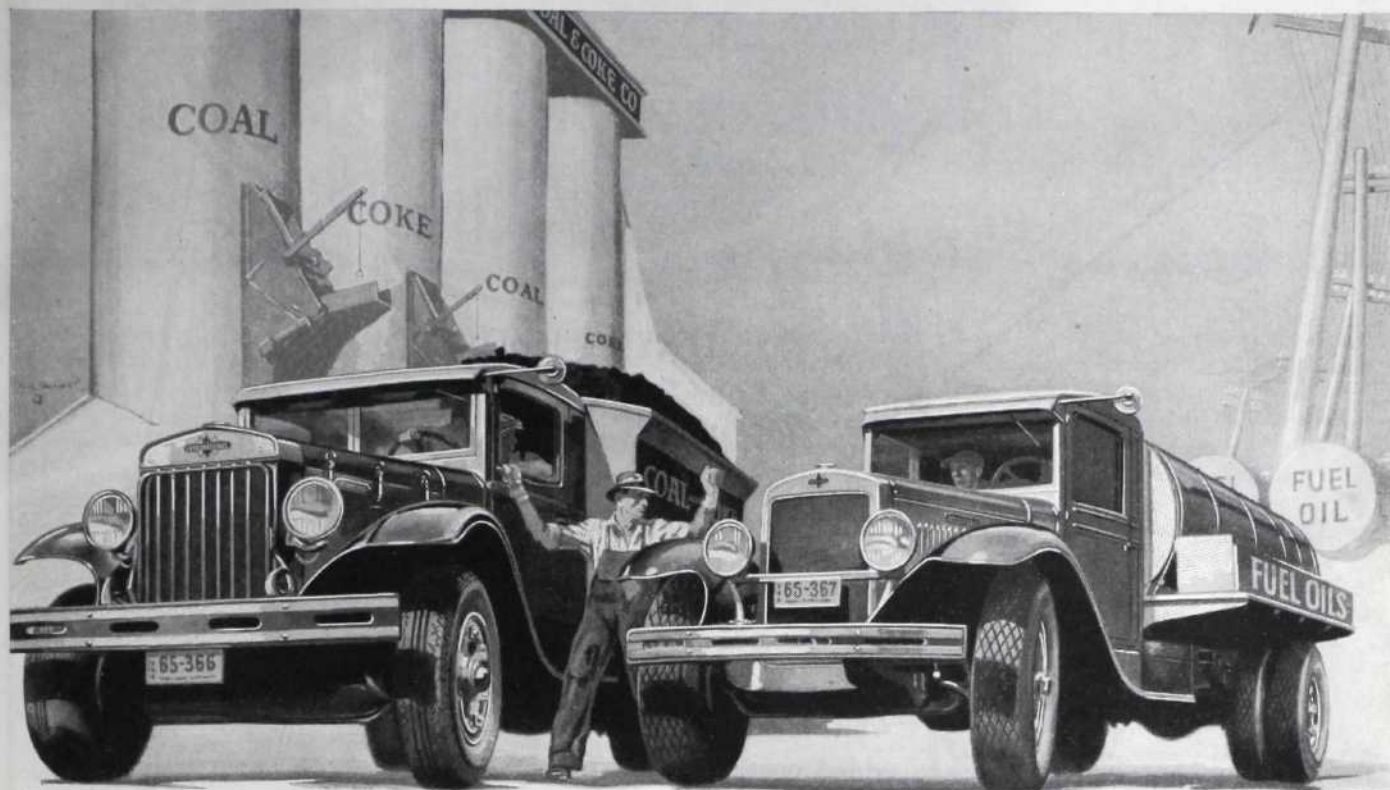
Make the NEW Remington Noiseless prove itself to you . . . simply telephone or dictate a memo to our nearest branch office or to headquarters in Buffalo, and let us send you one for an audition. You will enjoy turning off the noise!

**REMINGTON RAND
BRANCHES EVERYWHERE**

There is also a New Remington Noiseless Portable for private use at Home, on Trains, in Hotels

KEEP THE HOME FIRES BURNING

International Trucks Serve Fuel Producers
... Fuel Distributors ... and YOU!



IMAGINE the nation suddenly deprived of every ton of coal and coke—every gallon of fuel oil. With the first blast of icy winter, stark misery would threaten seventy-five per cent of the country's population.

The nearby forests which fed the hearths of our forefathers have vanished. The whang of the axe in the woodshed is replaced by the hum of high-powered trucks on street and highway, delivering an unfailing supply of one of man's primary needs—fuel.

To meet this human demand, a giant industry has developed—a nationwide net of mines, wells, processing plants, and distributing facilities, totalling a combined

investment of more than eleven billion dollars.

There may be a difference of opinion on the relative merits of various fuels, but when it comes to their transportation, producers and distributors alike are agreed on the dependability and economy of International Trucks.

Moderate first cost, rugged reliability on all roads in all weathers, long life, low operating costs per mile, per ton, or per gallon—these are definite realities which have contributed to the preference for International Trucks in this exacting industry. And equally so in every other line of business. Yours as well.

INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. **OF AMERICA**
(INCORPORATED) **Chicago, Illinois**

No Matter How Varied Your Transportation Requirements Standardize on International Trucks

The International Line is complete. It includes fast, light trucks for pick-up work; smart stream-lined speed trucks for deluxe delivery service; heavy-duty units for heavy hauling, and trucks especially built for dump work or semi-trailer service. Bodies and body equipment for all needs. International sizes range from $\frac{3}{4}$ -ton to $7\frac{1}{2}$ -ton.

New low prices prevail on the entire line. The 13 $\frac{1}{2}$ -ton, 4-speed Model A-2, for instance, a general utility truck for the average business, has been reduced to

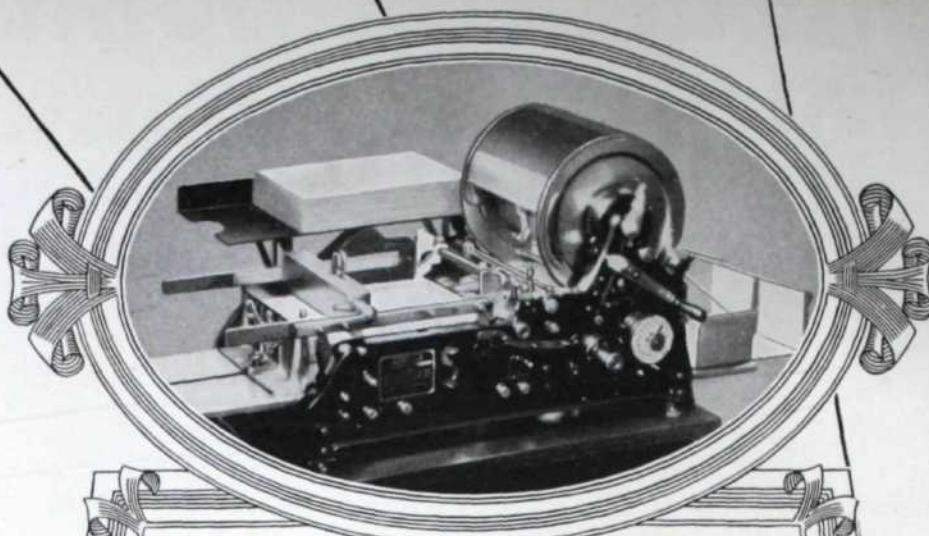
\$615

for 136-in. wheelbase chassis
f. o. b. factory (taxes extra)

International Company-owned branches at 188 points and dealers everywhere assure you unmatched service.

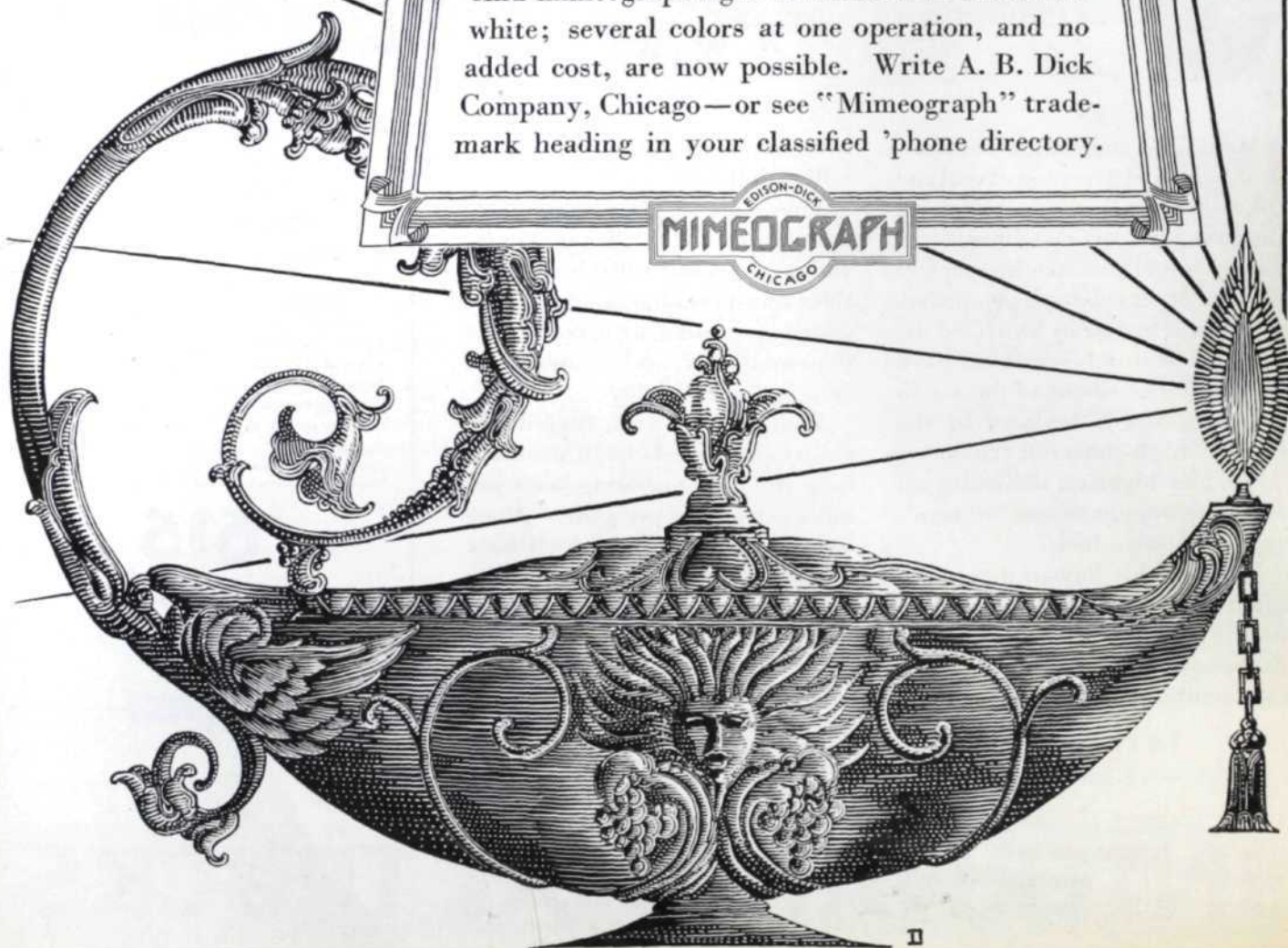


INTERNATIONAL TRUCKS



SHINING EVIDENCE

One of the brightest lights in business today is the steadily increasing use of the Mimeograph. There is no better index of business advance. For whenever speedy duplication of letters, bulletins, sales data, charts, etc., must be had at lowest cost, then the Mimeograph is the one tool for the job. And mimeographing is not limited to black and white; several colors at one operation, and no added cost, are now possible. Write A. B. Dick Company, Chicago—or see "Mimeograph" trademark heading in your classified 'phone directory.



Men who "know it all"

are not invited to

read this page

THIS page is not for the wise young man who is perfectly satisfied with himself and his business equipment.

It is a personal message to the man who realizes that business conditions have radically changed in the last few years, and that there is a whole new set of rules to be mastered. He feels that he ought to be earning several thousand dollars more a year, but simply lacks the confidence necessary to lay hold on one of the bigger places in business.

We should like to put into the hands of every such man a copy of a little book that contains the seeds of self-confidence. It is called "What an Executive Should Know" and it will be sent without obligation.

It contains the Announcement of the Institute's new Course and Service for men who want to become independent in the next five years. Among the contributors to this new Course are:

ALFRED P. SLOAN, JR., *President*, General Motors Corporation.

FREDERICK H. ECKER, *President*, Metropolitan Life Insurance Company.

HON. WILL H. HAYS, *President*, Motion Picture Producers and Distributors of America, formerly U. S. Postmaster General.

BRUCE BARTON, *Chairman of the Board*, Batten, Barton, Durstine & Osborn, Inc., Advertising Agents.

DR. JULIUS KLEIN, *The Assistant Secretary*, U. S. Department of Commerce.

JOHN T. MADDEN, *Dean*, School of Commerce, Accounts and Finance, New York University.

C. M. CHESTER, JR., *President*, General Foods Corporation.

M. H. AYLESWORTH, *President*, National Broadcasting Company.

THOMAS J. WATSON, *President*, International Business Machines Corporation.

DEXTER S. KIMBALL, *Dean*, College of Engineering, Cornell University.

Can any ambitious man fail to get something of value from contact with minds like these? Here are a few examples, selected from many hundreds, showing how this organized knowledge is translated into added earning power:

CASE 1. Works Engineer, salary \$6,000; now Vice-President and General Manager, salary \$18,000.

CASE 2. Local Manager at \$5,200; now Regional Manager, salary \$15,000.

CASE 3. Production Manager, salary \$6,000; now President, salary \$21,600.

Send for this Booklet

For the man who is perfectly content with himself and his job, the Alexander Hamilton Institute can do nothing. But there are thousands of men who could double their incomes if they believed in themselves and had the solid business knowledge to back up their belief.

Why not investigate now? The booklet pictured at the left costs nothing and places you under no obligation.

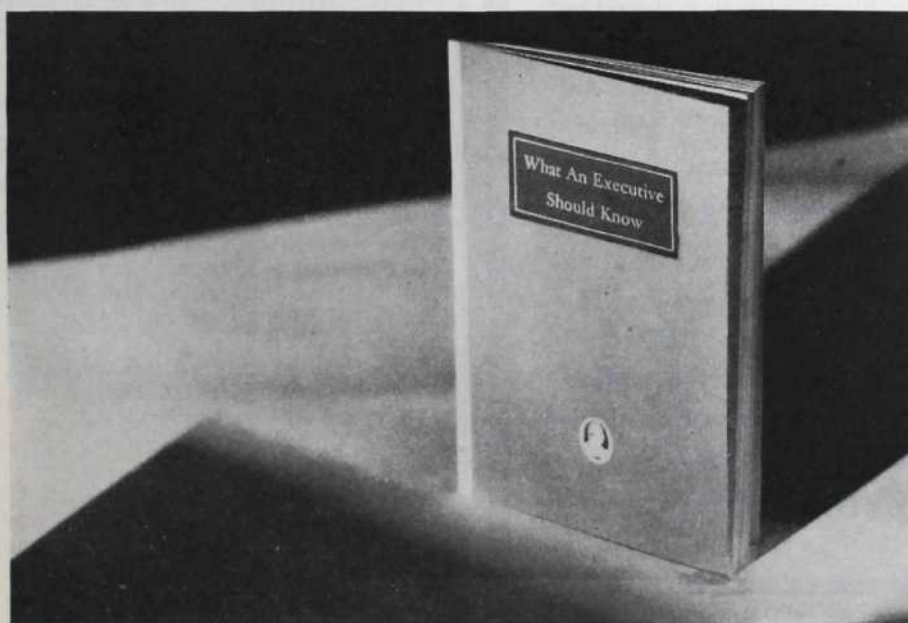
To the Alexander Hamilton Institute, 683 Astor Place, New York City. (In Canada, address Alexander Hamilton Institute, Ltd., C. P. R. Building, Toronto.)

Send me "What an Executive Should Know," which I may keep without charge.

NAME _____

BUSINESS ADDRESS _____

BUSINESS POSITION _____



For the Man who wants to be Independent in the next 5 years

THE little book pictured above should be read by every man who expects to win a secure place for himself in the next five years. It explains some of the changes which are taking place in the business world today. It tells

how you can equip yourself to take your place in the new business structure with confidence and increased earning power. It contains the condensed results of 20 years' experience in helping men to forge ahead financially.

When writing to ALEXANDER HAMILTON INSTITUTE please mention Nation's Business



Cleanliness

AN EXTRA DIVIDEND

ON

The GEORGE WASHINGTON

The Most Wonderful Train in the World

Completely Air-Conditioned

EVERY CAR—ALL THE TIME

NO EXTRA FARE

No one expects a railroad train to provide a *clean* ride. Indeed, few people believe it possible. So, when travelers on The George Washington find that clothes *stay* clean throughout the trip, the discovery comes with the welcome surprise of an extra dividend.

Only The George Washington can give this extra advantage.

Cleanliness, however, is only one of the advantages of air-

conditioning. With it should be listed refreshing atmosphere, and healthful, comfortable temperature. The results, quite obviously, are pleasant day travel and sound, refreshing sleep.

The ticket agent of *any* railroad can route you on The George Washington. Insist upon it. Learn for yourself how pleasant travel "with an Extra Dividend" can be.

WESTWARD

(Read down)

6:01 PM Lv. Washington	(EST) Ar.	8:30 AM
8:45 AM Ar. Cincinnati	Lv.	6:01 PM
10:50 AM Ar. Louisville	(CST) Lv.	1:30 PM
10:45 AM Ar. Indianapolis (Big Four Ry.)	Lv.	2:10 PM
3:00 PM Ar. Chicago	Lv.	10:05 AM
4:45 PM Ar. St. Louis	Lv.	9:04 AM

EASTWARD

(Read up)

6:01 PM Lv. Washington	(EST) Ar.	8:30 AM
8:45 AM Ar. Cincinnati	Lv.	6:01 PM
10:50 AM Ar. Louisville	(CST) Lv.	1:30 PM
10:45 AM Ar. Indianapolis (Big Four Ry.)	Lv.	2:10 PM
3:00 PM Ar. Chicago	Lv.	10:05 AM
4:45 PM Ar. St. Louis	Lv.	9:04 AM

CHESAPEAKE and OHIO



Through the EDITOR'S SPECS

FROM the grass roots and crossroads of the nation comes increasing evidence of that leadership for which we have all been pleading. A little packer in Maryland tells me he has increased his business 300 per cent this year over last, has added nine refrigerator trucks and put up a new \$50,000 building.

An Indianapolis manufacturer extended the market for his main product and at the same time added five side lines, which, all rolled together, are pushing his 1932 volume and profit to the best figures in ten years.

A young fellow of my acquaintance, who had saved his money, traded his modest five-room house and \$1,800 for "a finer house than I ever thought I could own."

From a back-room talk fest at a life insurance convention, an infectious confidence:

"We have had our troubles. Heaven knows, we still have them, with this demand for policy loans and the knowledge we may have to write off some more investment losses, but last week our company had from one branch the largest number of applications for new insurance in its history."

At the end of an hour's talk, a train conductor handed me his card. Under the name was the legend:

"Any business given to the Rock Island will be appreciated by me."

I asked him if all conductors had similar cards.

"No," he replied, "I think I am the only one. I figure it is the least I can do. The road has more than played ball with us fellows. We have all got to help put the traffic back on the line."

Whereupon he launched proudly into a discussion of the special care his road took of fruits and other perishables.

EVEN municipalities are capitalizing their opportunities. Jamestown, N. Y., for example. It invites "worthy people of other cities, who have been forced to take large losses financially and who would like to start anew in some other town where their social activities might be launched on a different scale without the embarrassments incident to loss of wealth."

This is the same Jamestown which last winter maintained employment at nearly normal figures. Inquiring how and why, we learned that not more than five per cent of the city's 15,000 workers were employed in any one of its 135 industries; that the 135 industries were home-conceived, home-

(Continued on page 6)

NATION'S BUSINESS for December

VOLUME 20



NUMBER 12

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Roosevelt

Shortly before the election, Morris Edwards had a long conversation with Franklin D. Roosevelt in Albany. At that meeting, which was more a discussion than an interview, the President-elect set forth his views on many subjects that will interest business men—his views of government operation, government regulation and other timely subjects. In reproducing that conversation in this magazine we believe we are doing business men a real service in aiding them toward a better understanding of the coming administration and its feelings on business subjects.

More Squawks

In our October number we printed an article by J. Howard Pew, who declared his belief that the oil industry is the most severely taxed on earth. We doubted if this view would go unchallenged and invited other business men with opinions on the subject to communicate with us. The result was an imposing stack of mail, from which we have selected several representative letters. Oil, it seems, is not the only claimant for this distinction.

Railroads

Although the railroads have nothing to sell except transportation they have not let this limitation prevent them from "dressing up the product." On page 25 L. C. Probert, Vice President of the Pere Marquette Railway, describes some

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of the things the roads have done to meet competition and help business.

Sales Tax

The Canadian sales tax law, which has been operating ten years, is most frequently pointed out as the model which this country should use when and if a similar tax is adopted in this country. Now it seems likely that the sales tax will be seriously considered as a means of increasing revenues here. For this reason it seemed important that American business should have a better understanding of the Canadian plan and some information as to what business men there think of it. We asked Floyd S. Chalmers, an experienced Canadian business writer, to give us this information. His article begins on page 30.

Change

Harrison E. Howe, editor of *Industrial and Engineering Chemistry*, keeps constantly abreast of all research that appears to have a bearing on business trends. Frequently he contributes articles to NATION'S BUSINESS discussing the new things which science has prepared to aid or confound business. His newest contribution appears on page 44, this issue.

Ingenuity

Examples keep pouring in to prove that profits are waiting for those who go after them. On pages 50 and 51 are stories which prove that effort and courage still show results.

MERLE THORPE, Editor and Publisher

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of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers. SUBSCRIPTION RATES: Three years, \$7.50; one year, \$3.00; Canada: Three years, \$9.00; one year, \$3.50. Please notify us promptly of change of address —Nation's Business, Washington, D. C.



The Street of the Ten Thoughtful Fathers...

The best advertisement for life insurance was never written. ... It was *lived* (and is still being lived) on a quiet, tree-lined street of a small Pennsylvania city.

Ten of the many beautiful homes on this street are occupied by widowed mothers and their children. The running expenses for these ten homes are cared for by Equitable monthly checks. Had it not been for the farsighted devotion of ten husbands and the services of The Equitable, these families would not be able to remain in such comfortable homes, or to maintain their accustomed standards of living.

These ten families constitute a ten-fold demonstration of the wisdom of adequate insurance protection. They should cause every husband and every father to pause and ask himself: "Would my family be so fortunately situated?" The Equitable's Family Income Plan is providing for thousands of families similar to the ten above.

Investigate this plan. It offers double protection—it protects your family and protects you—for it may also be used to provide a retirement income for your own future days of leisure.



THE EQUITABLE

FAIR—JUST

LIFE ASSURANCE

SECURITY—PEACE OF MIND

SOCIETY

MUTUAL—COOPERATIVE

OF THE U.S.

NATION-WIDE SERVICE

The EQUITABLE Life Assurance Society of the United States
Thomas I. Parkinson, President
393 Seventh Avenue, New York, N.Y.

31N.

Please send me information about The Equitable family income plan.

NAME

AGE

ADDRESS

(Continued from page 4)

financed, home-owned and home-managed; that industrial expansion had been primarily from within; that there had been no bank failures in a hundred years; and that when one Jamestown industry effected a saving in costs, it passed a generous part of it along to the next fabricator in line, to assure that the city's products might go into the world with the best possible competitive price.

The invitation, buttressed by such sound selling material, is receiving many responses, we are told.

THE same tempo swings through a somewhat different tune from Warren, Ohio. The city was having its financial troubles. Debt. Delinquent taxes. Looming foreclosures. Insolvency just ahead. But—notice the "but" in this letter from Stanley Grove, manager of the Warren Chamber of Commerce:

As the result of our Tax Committee's work this year, the City Council last Wednesday night passed a balanced budget calling for \$215,000 appropriations for 1933. Our Committee had suggested they cut the budget to about \$185,000. But we are gratified, as the \$215,000 figure is roughly a 50 per cent cut from this year's budget.

We could fill the columns of this department with similar stories of readjustments going on in the lives of private and public businesses.

America has long been held up by astute observers as having great resourcefulness to meet changing conditions. Initiative, self-reliance, contempt for hazards, determination to be a little better off tomorrow than we were today, again these forces are rumbling into action. The cry for national leadership, industrial or political, has been baby-ish. The leadership in a democracy comes from the individual, and that leadership will again lead us into normal ways of living. Search your histories and you will find that in other depressions there was no political formula, no heaven-sent industrial "plan" on a national scale, but quietly, inevitably, there came about a rejuvenation of the spiritual forces of the people themselves, which, after all, is a leadership more substantial in a democracy than any that could be devised along the lines of a Mussolini or a Stalin.

THE president of a great corporation recently submitted a "plan". Much of it was to be developed and carried through by local chambers of commerce.

Interested, we asked a veteran chamber of commerce executive whether the suggestions were sound. If so, why are they not being carried out? He wrote:

I recently had occasion to check up on this. The statement to which you refer is similar to a dozen others from men of national prominence. All, starting from New York or Washington, have schemes for arousing the public by Liberty Loan methods. In every one, the local chamber of commerce is the base of the effort.

Of the twelve—all with offices or plants here, and one with seven sub-

sidiary plants—only five hold memberships in the — Chamber. The corporation with the seven subsidiaries has only one membership, the same as the little tailor around the corner. The man whose statement you quoted resigned when the depression hit. Another, who recently told the country what he thinks we ought to do, gives us an amount which would sustain for about half an hour the specific activities which he urges upon us.

I submit that these people are not as smart as they think they are. They are not getting what they themselves say they want and what they say is vital to business recovery.

Chambers of commerce cannot be run on faith.

TRADE NOTE: The horse is coming back. The *Spokesman and Harness World* gives an account of the first horse theft in 30 years in Christian County, Ill. The headline is almost wistful: "Horse Stealing Revived."

FROM F. E. Moore, president of the Mathews Conveyor Company, of Ellwood City, Pa., comes this comment:

I am interested in your question: "Why not follow Governor Byrd's suggestion of having every legislative body devote one session solely to repealing laws working mischief with our economic and social life?"

For 15 years, I have been preaching that doctrine!

Governmental paternalism encourages personal inertia, waste, laziness, extravagance, dependence, thoughtlessness and drifting, and discourages personal initiative, resourcefulness, saving, independence and thinking.

One should not expect to receive from governmental sources more than he gives.

We have only ourselves to blame for paternalism. Some time we shall have a suspicion that the sugar coating does not go all the way through the pill.

WELL-WORN tools of bureaucracy are—

Pointing with pride: Sensitive to the great human forces of life, the A. P. reports that the director of the National Park Service recently told the country about a poor little girl who faced expulsion from school for talking back to her teacher, "but a little Government pamphlet eventually saved her." The little girl had said that George Washington was born at Wakefield. Teacher said Mount Vernon. Argument. Hot words. Child expelled. But, when the little girl and her mama had visited Wakefield they "fortunately took some Park Service literature home with them." Then, just as the poor little girl was about to be cast into a cold world with the stigma of expulsion forever after making her life miserable, the little pamphlet was found to "substantiate the child's correctness." Ah, there stands Uncle Sam, majestically defending Historical Truth and Kindergarten Justice!

Viewing with alarm: The chairman of the United States Shipping Board, is again (Continued on page 62)

You don't need to
worry about these
technical facts:




1 The filament is the heart of the lamp; it must be right.

Edison Mazda Lamp filaments are 99.9% pure tungsten; they are measured to half the diameter of a human hair by weighing a given length on an instrument so delicate it will register even a pencil mark!

2 Bulbs of Edison Mazda Lamps must be free from bubbles or other disfigurements. To obtain such glass, sand which is 99.7% pure silica must be used. It is shipped to the glass works in specially built tank cars, as carefully sealed and guarded against dust and other contamination as a shipment of milk!

3 Four hundred and eighty processes, inspections and checks are involved in the making of an Edison Mazda Lamp. That's how quality is safeguarded every step of the way.

But you don't need to worry about these and countless other technical facts if the lamps you use bear this mark  on the end of each bulb.

EDISON MAZDA LAMPS

GENERAL  ELECTRIC

General Electric manufactures lamps for all lighting purposes... lamps for home lighting and decoration, automobiles, flashlights, photography, stores, offices and factories, street lighting and signs. Sunlight Lamps, too.

The New York Trust Company

Capital Funds \$32,500,000

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40th Street and Madison Avenue

57th Street and Fifth Avenue



NATION'S BUSINESS



A MAGAZINE FOR BUSINESS MEN



A Protest Against Too Much

COMMENTATORS on the recent election generally point to the conclusion that it was a vote of protest. Hard times, it is said, was the motive. Men and parties were not the issue but rather a blind, unreasoning dissatisfaction and discontent with things as they are.

But the commentators stop short. They do not analyze the causes of the discontent. What are they? Are they disappointment over political promises unfulfilled and, indeed, incapable of fulfillment? Over the political experimenting in an alien field of economics? Over the increasing and expanding mechanism of government, with its attendant expense, an expense which is draining the resources of every household? Is it not a protest against the quantity of government, rather than against its administration?

The public senses the futility of trying to raise wages by edict; of trying by law to bring prosperity to the farm and to lower prices to the consumer at the same time; of promoting this and avoiding that by setting up a political bureau.

The public senses the double cost of paternalism, in money and limitation of individual effort. It has felt vaguely that government has pursued a strange course in the last 30 years, as government has become lawyer, doctor, merchant, farmer, navigator, hotel keeper, laundryman, musician, transporter, provisioner—building service upon service, trade upon trade. The American citizen has seen more and more of his neighbors absorbed into the 700 classifications of the Federal Civil Service, and is dimly aware of the fact that between eighteen and twenty millions of those neighbors are now de-

pendent upon tax payrolls of one kind or another.

True, the public has not seen this as a whole, but in broken segments. The banker sees it in his field, but is blind to the same government competition, excessive regulation, expensive "servicing," in the fields of production, manufacturing and construction; the merchant sees it in his field, but is blind to the same handicaps in transportation and communication and insurance.

Some day the whole public will see the whole picture.

In New York City, a new acting Mayor named McKee set out to eliminate some of the excrescences of government. He proposed, among other things, to save \$200,000 by eliminating official limousines. His program was repudiated by his colleagues who denied him a place on the ballot. But 135,000 citizens, under great physical difficulties, wrote in his name.

Unless our newly elected leaders analyze and remove the causes of this "blind, unreasoning discontent," an enlightened and aroused public will find a way of writing their own ballots and of voting not against men or parties but against the steady encroachment of politics upon its affairs and activities.

In other words, the "protest," no longer a vague and indiscriminating sense of discontent, will be changed to support of those public men who courageously set about to bring the American government back to its primary and proper function.

Merce Thorne

Character Counts



When the test comes, different qualities of strength and courage stand out.

Back of the policies of the *Hartford* one finds a strong, stable company that has met its every obligation for more than 122 years . . . a company that has weathered successfully five wars, seven panics, and all conflagrations. Of such stuff is the *Hartford* made . . . on such you may depend at all times, under all conditions.

Not only is the *Hartford* old and strong, but it is

progressive. With its allied companies it offers every form of insurance to meet every modern need, to completely protect your home and your business against financial loss or disaster. And this broad program of insurance is yours, through a Hartford agent in your vicinity—as near you as your telephone. Call him to-day.* Ask him to show you exactly how you stand in this matter of protection—what the *Hartford* can do for your security and safety.

* If you do not know the name of the Hartford agent look under "Hartford" in your telephone book. If he isn't listed, write the Hartford Fire Insurance Company, Hartford Conn.

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AND THE HARTFORD ACCIDENT AND INDEMNITY CO.**

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NATION'S BUSINESS

Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

DECEMBER, 1932

VOL. XX No. 12

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

Business and the Election



LAST month on this page we said that no matter whether Hoover or Roosevelt should be chosen president, the recovery of business would proceed at about the same pace. Now that Roosevelt is to take office next March we see no reason to change that view. Our whole political system is based on the right of the majority to put its man in office and to take charge of the Government. Time and again in our nation's history we have had new men and new parties come into power and never, save for brief interruptions, have we ceased to march on to higher levels of prosperity.

Just before election the National City Bank said much the same thing:

The most notable aspect of this campaign is the endorsement by both candidates and party platforms of principles of economy and sound money. They are alike in recognizing the importance of balancing the budget, and there is no agitation of the money question among the leaders of chief influence within either party.

It is to be recognized that the influence of the depression has been toward conservatism. Amid all the distress common sense has prevailed.

Democracy is bigger than party. Self-government makes mistakes but those mistakes are never fatal. Four years from now the American people will choose a leader anew and the country will not be irrevocably lost in the meanwhile.

Too Much Campaigning



TOO many speeches, too much newspaper space devoted to the doings of candidates, in short, too much campaign. That's the opinion of business as gathered from talks in our own offices, on trips to other cities and in Pullman cars.

The symptoms of surfeit showed themselves before October was half through. The wide use of the radio, the great space given by newspapers to campaign addresses and the fairness which most of them showed in printing speeches on both sides were causes. The candidates had said what they had to say by mid-October. In the later days of the long-drawn-out word-battle each candidate, having stated his creed, took to telling what he thought of the other fellow and the other fellow's party and the spectacle was not dignified.

It is interesting, if not significant, that the two speeches most commonly referred to as "boners," as having hurt the cause of the candidates they were intended to help, were made as the campaign neared its end.

We shall in all probability see adopted the constitutional amendment which puts in office in January the president

elected in November. Suppose we clipped off a little at the other end—nominated in September, elected in November, inaugurated in January. That would give us six weeks or so of campaigning and most of us would be quite content.

The Move For Inflation



DESPITE the reassurances of the National City Bank, we have not heard the last of the demands for inflation, but the fight for more currency is more likely to be on geographical than on party lines. Senator Borah seems to be ready to lead such a battle and he is sure to find supporters who will not be bound by label.

In addition, demands for the immediate payment of the bonus will be loud and persistent. Any inquiry as to "what shall we pay it with" will be met with the answer "make more money."

Another factor that will move toward inflation is the demand for relief of the farm mortgage situation. The most extreme of these proposals is to have the Government pay off these mortgages in greenbacks (it might take nine billions) and refinance the farmers at a low rate of interest.

Economy in Veteran Relief



THE National Chamber, through its special committee on government expenditures, of which Matthew S. Sloan is chairman, has pointed out that \$400,000,000 can be saved to the Government in the cost of veteran relief and still generously compensate "all men who have been disabled in defense of the country and the dependents of those who lost their lives while in service."

Surely the Government owes no more and those who saw service should ask no more than that.

Declaring against payment of the soldiers' bonus before maturity date the report points out that, at the present rate, veterans' relief will reach \$4,500,000,000 a year by 1950 if the present trend of legislation and interpretation is followed.

Proposals for the immediate cash payment of the bonus will be opposed both by the present occupant of the White House and by his successor. Mr. Hoover's attitude is well known. Mr. Roosevelt went on record in Pittsburgh on October 18 when he said:

... last April my views of the subject were widely published and have been subsequently frequently quoted. I said:

"I do not see how, as a matter of practical sense, a Government running behind \$2,000,000,000 annually can consider the anticipation of bonus payment until it has a balanced budget, not only on paper but with a surplus of cash in the Treasury."

No one ... has the right in the absence of explicit state-

ment from me to assume that my views have changed. They have not.

Meanwhile every business man would do well to read the report of the Sloan Committee. He can have a copy by asking the Chamber or the magazine.

Missing a Chance For Economy?



UNDER the Economy Act approved last June, Congress appointed a joint committee of five members from each house to study the "laws and regulations relating to the relief of veterans of all wars and persons receiving benefits because of service of such veterans, and report a national policy in respect to such veterans and their dependents." It is also empowered to recommend such economies as will lessen the cost of the Veterans' Administration. The Act further provides that the Committee shall report not later than January 1, 1933.

Early in November the Committee had held no sessions although it had called on various government agencies for information. It presumably will be active little more than a month before reporting.

Can the Committee accomplish its double task in this time? The budget for the next fiscal year will be voted in the approaching short session. Is there danger that the duty of the Committee to formulate a national policy upon veterans' benefits will obstruct the effort to obtain economies immediately applicable in the 1934 budget?

It would seem that the agencies which are working for reduction in federal expenditures should urge the Committee, in its report of January 1, to stress possible economies in veterans' expenditures under the 1934 budget, even if it has to ask an extension of time to deal with long range questions of national policy. A well devised national policy is important, but the effort to formulate it should not handicap the movement for immediate economies.

Benefits of Machines



The New Outlook has a piece about it and the Dutch Treat Club has listened to debates about it.

If the believers in technocracy are right the real rulers of the modern world, the technocrats, are the machines or the men who own them. Two things might be said in answer to this fear of the inactive.

1. It is probable that the "technological unemployment" and the resultant suffering were greater proportionately, if all factors were weighed, in the early days of the industrial revolution in England than they have ever been since.

2. As machines increase productivity, the hours of employment decrease. We take up the slack by giving more leisure. This result is not obtained without individual suffering, but in the long run that result works out, that men have either more leisure or by a greater application more goods in exchange for their work.

Men to Answer Questions



A GROCER in the city of X owns four delivery trucks which rarely or never go beyond the city limits. A hundred miles away is the larger city of Y from which comes a great part of his stock in trade. Connecting X and Y are railroads and the roads over which run buses and trucks. Our grocer friend pays state license taxes on his cars and gasoline taxes on their fuel. These monies go to the support of the road between X and Y, over which his trucks seldom if ever run. His cars run over city streets which are built and maintained chiefly out of the real property taxes on his store building and his home. Should his gas and license taxes go to through roads?

Half a dozen states are having, or were having a few days ago, half a dozen little civil wars over the rights of trucks from one state to enter another. New Jersey at her border

stopped trucks from Pennsylvania and Pennsylvania retaliated. Maryland police stopped Pennsylvania trucks that came daily into the state. Delaware did likewise and other states pricked up their ears. The states pay for the roads. Who has the right to use them?

Such problems as these underlie the work of the National Chamber's Committee on Competing Forms of Transportation. Because it's typical of the make-up of the Committee and of the type of men who are willing to give up their time for the common good let's run down the list:

Brosseau	maker of trucks	New York
Chase	fruit grower	Sanford, Florida
Childress	barge line president	St. Louis
Clayton	cotton factor	Houston
Johnston	electrical manufacturer	Spokane
Kenney	railroad president	St. Paul
Mooney	steamship president	New York
Pelley	railroad president	New Haven
Pew	oil manufacturer	Philadelphia
Sherrill	chain stores	Cincinnati
Sherwood	coal	Indianapolis

Only two from one industry and only two from one community.

Could there be a better way of solving these questions of competition among railroads, automobiles and waterways than to ask such a group of men to consider and report on them?

The Problem of Transportation



MEANWHILE a conference committee of railroad men and bus and truck makers and users is holding a meeting to perfect details as to legislation which shall be desirable and acceptable for both of these forms of transportation. W. W. Atterbury of the Pennsylvania Railroad and A. H. Swayne, Vice President of General Motors, are cochairmen and some of its members are also members of the National Chamber's Committee although their functions do not overlap.

The Swayne-Atterbury Committee was chosen by the advisory committee of the Association of Railway Executives and by the Highway Users' Conference which includes truck and bus operators and others to whom highway transport is of major importance.

If business men whose interests are so obviously at odds can get together and agree on the regulation which is advisable and proper for highway users and if they can present a united front to the federal and state legislatures, we shall have a chance of legislation fair to both sides and to the public.

Forestalling Boom Times



ELSEWHERE our Wall Street contributor says that a distinguished economist expressed a fear that when business really starts recovery, its rise will be too rapid and will reach heights from which a descent would be dangerous.

Before me lie two letters, one from a New England manufacturer whose products are known around the world, the other from the general manager of a large warehousing business in New York. Each believes that the task ahead is not merely to help business back to a profitable normal but to prevent it from climbing to unsafe heights.

Says the manufacturer:

My biggest personal job from now on, outside of my own business, will be to devise some method by which we can prevent business from becoming too good. If we can do that, and I am positive that we can, we shall have no further need of studying unemployment of any such breadth as we have had recently, nor shall we have to bother with unemployment insurance and all of the other schemes that are putting the cart before the horse.

The warehouseman writes:

I have as yet seen no program in any way adequate to correct, in the coming boom period, those conditions which in the last boom period inevitably brought us to a condition of depression.

Out of the many items of this nature I might mention specifically:

1. Gross overproduction in certain specific lines of industry and the accumulation of vast stocks between the producer and the consumer which necessitate shutting down until they are consumed.

2. The accumulating of vast savings during a boom period which compete in the investment market and bring on a terrific inflation which must inevitably result in a corresponding deflation and destruction of value and savings.

3. The continual increase in the borrowings of municipalities and states will again increase in the next boom period unless checked.

At present we feel hopeful of coming out of the depression and having a period of prosperity but, with the technique so far developed for the handling of our economic problems, it seems to me that it will inevitably be followed by a depression which will bring about an almost complete disintegration of our present institutions.

The duty of preparing for war in time of peace has been preached since the beginnings of history. Business has known that in times of prosperity it was well to make ready for depression. Now we are being told that in times of depression we should take precautions against too much production.

For Government —Not Against



NOW and then some one rises to remark:

"The United States Chamber of Commerce and NATION'S BUSINESS are fighting Government. Their whole desire

is to reduce taxes, to save the business man's pocketbook at whatever cost. They haven't any constructive plan."

Neither the Chamber nor its magazine, NATION'S BUSINESS, is "against Government." They are "against Government" when Government is wasteful, when Government is unnecessary, when Government engages upon things which are not in its province. They do not believe that the Government should compete with private business, nor that it should interfere with business except as such interference is needed to enforce the law and to establish justice.

The Chamber and NATION'S BUSINESS are not moved mainly by the desire to save the pocketbooks of business. Taxes are grievous burdens but no one would hesitate to pay those taxes if he felt:

1. that those taxes were for the proper functions of Government.

2. that the money would not be wastefully spent.

The National Chamber is *for* Government. NATION'S BUSINESS is *for* Government, but they are *for* Government

when it is doing the job it ought to do as economically as it can be done.

Government Competition



THE Reconstruction Finance Corporation struck a snag when it proposed to finance a housing project in New York City. Briefly the Corporation was to advance about four million dollars to the Hillside Corporation to erect in the Bronx a building of 1,581 apartments to cost in all about six millions, to rent for a maximum of \$11 a room.

On paper the plan seemed fine. Low priced apartments with playgrounds, ample light and air, employment for thousands of men and the purchase of tons of material. What better use of government funds?

But no sooner was the project made public than protests were heard from business men in the Bronx and elsewhere in New York City. "Why," they asked, "build more apartments in a community where there were already thousands of moderate priced apartments standing empty?" Why threaten by "a government subsidy" investments already made? Isn't that putting Government into business in a most unfair way?

Election and Other News



THIS is written on November 8, Election Day. My colleagues on either side of my office are asking me, "What do you think?" "Who'll be elected?" "Will the remedy have any real measurable effect on business recovery?"

To all those questions I answer with the limited human understanding and the meager ability to interpret the news that I've painfully acquired over more than 30 years. As a matter of fact, all I can say is the lumping together of other men's guesses reported to me in the last six weeks.

Then I turn back to the morning's newspaper for a minute and read tucked away in an unimportant corner a dispatch by post from Copenhagen that says:

"Six types of human blood can be detected . . . in blood transfusion operations, Dr. Oluf Thomsen, director of Copenhagen University's Pathological Institute, has reported. Before Dr. Thomsen's discovery only four blood groups had been recognized practically."

And I say to myself that the news in that paragraph may more profoundly affect my son or my grandson than twenty pages of election returns that I will read tomorrow.

Bits of everyday Business

★ FRANCE launches the *Normandie* 73,000 tons to be the world's largest ship and uses 43 tons (no, not pounds) of suet, 2½ tons of lard and a ton of soap to grease the ways.

★ PATENTS have been granted to 16 new kinds of roses and nine for other flowers. The law now permits new plants to be patented.

★ THE *Wall Street Journal* illustrates the sluggishness of the stock market by telling of a trader who operated in 15,000 shares on one day and made a net profit of \$18.

★ DEPARTMENT stores in New York are surprised at the number of gold pieces that are offered. Indicating that there has been a run on the Sugar Bowl Bank.

★ GENERAL Electric has to import 271,000 pounds of mercury for a 25,500 horsepower mercury turbine, enough, says someone looking for a comparison, for 50,000,000 thermometers.

★ SOVIET Russia hopes to make rubber from dandelions and collects two tons of seed. Milkweed and golden rod have been tried in this country.

★ THE Fifth Avenue Presbyterian Church reduces pew rents 20 per cent as its contribution to cutting the cost of living.

★ AN advertisement in the *New York Times* of November 6 says: "Lumber Wanted Exchange Hispano-Suiza automobile. Hispano-Suiza Co., 507 West 56th."

★ THE Westcott Express Company and the New York Transfer Company merge and the reason given is: Women's clothes bulk less, hence less luggage, hence less business. "Scanties cause a merger."

★ BUSINESS goes on not "as usual" but in unusual ways in these depressed but still interesting times.

Roosevelt Talked Business

By Morris Edwards

Of the Staff of NATION'S BUSINESS

★ A SHORT time before the election Mr. Edwards had the privilege of an unhurried conversation with the President-elect. That conversation dealt almost entirely with the relation between government and business. Mr. Edwards' report of it supplies, we believe, a timely interpretation of Mr. Roosevelt's views

THREE impressions which stuck in my mind after an unhurried talk with Franklin D. Roosevelt not long before the close of the campaign take on new force in this period when business men are weighing the effects upon business of the recent change in national administration.

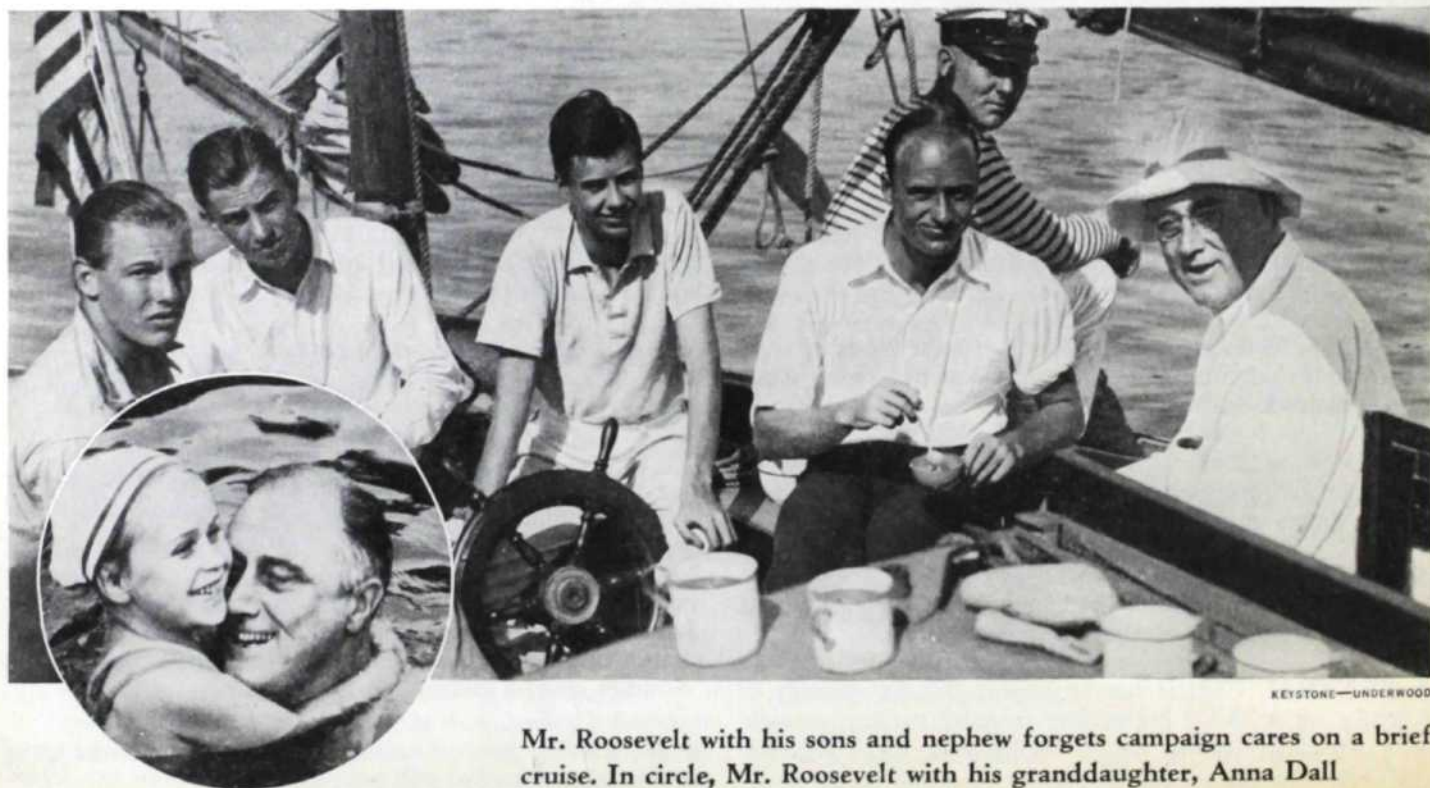
One is that the first concern of the President-elect is to correct what he regards as costly mistakes of governmental and business judgment which led up to the economic events of the past three years. Or, as he put it, the "main problem before us is what we, as a people, are going to do to improve our situation and to prevent a recurrence of present conditions."

As to what he believed the mistakes were, he minced no words. As to the means by which he proposed to correct

them, he was equally outspoken. A second impression is that, in dealing with particular questions affecting business, Mr. Roosevelt's instinctive preference is for a minimum of coercive action by government. Whatever the subject—control of overproduction, regulation of business, agricultural relief, avoidance of speculative excesses, or the strengthening of the banking structure—his first thought time and again was centered upon measures which business could devise and apply on its own initiative. The facts to which he attached importance and the conclusions toward which he tended were strikingly similar in many respects to those heard every day from business men. In a nutshell, his view appeared to be that government should confine its energies to strictly governmental activities, venturing into regulation of business only when business disregards the public welfare and makes restriction necessary.

New policies for fiscal work

A THIRD impression, based partly on the President-elect's remarks and partly on his work of the past year in New York State, is that he welcomes an opportunity to shake up federal policies of taxation and expenditure. Having taken the lead in trimming nearly 15 per cent from the country's largest state budget this year, and having begun an additional retrenchment of from ten to 20 per cent next year he was not greatly impressed by the results of recent federal economy efforts. Although he realizes the obstacles to effective economy legislation, he believes that reorganization of federal departments, elimination of improper activities, and the scaling down of necessary undertakings could materialize the Democratic platform pledge of a 25 per cent retrenchment.



KEYSTONE—UNDERWOOD

Mr. Roosevelt with his sons and nephew forgets campaign cares on a brief cruise. In circle, Mr. Roosevelt with his granddaughter, Anna Dall

With Me

In discussing current economic conditions, Mr. Roosevelt expanded considerably on the ideas which he subsequently put forward in public addresses.

Broadly speaking, he regarded the economic slump as no mysterious phenomenon which unexpectedly had turned up from overseas to plague the American people, but rather as a consequence of governmental policies and business actions originating within this country.

Concerning the part played by government, Mr. Roosevelt spoke positively. In crisp phrases which occasionally reflected deep seated personal feeling, he criticized the policies under which the government "became an advertising promoter for business, a function for which it never was intended;" stimulated a loan-supported foreign trade which "led to unneeded expansion of productive facilities" and then became a boomerang; permitted the impression that the State Department had "passed upon or approved" foreign securities offered for sale in the United States; influenced a Federal Reserve policy which first freed money for speculative uses, and then put the brakes on the whole business structure when that policy got out of hand; "manufactured a constant succession of official statements intended only to obscure actual conditions;" pushed tariff barriers to levels that upset international trade without compensating domestic benefits, and, finally, "contributed to the demoralization of agriculture with more easy borrowing of money, more mortgages, more crop loans and more fixed interest charges, when the obvious need was a protected domestic market for farm products in which prices might maintain some reasonable relationship to production costs."

Such governmental policies and the atmosphere of the "new economic era" in which they were conceived, he declared, "could not have failed to contribute directly to the economic collapse of 1929." In some matters, he continued, the removal of governmental barriers to economic recovery "requires only that the government refrain from repeating the mistakes which have caused such distress."

Opposes shady financial dealings

MR. ROOSEVELT also had much to say about business conduct since the War, especially in the field of finance. He took the view that "in the unreal atmosphere created by the Government's efforts to organize prosperity and to set aside economic laws by administrative manipulation," some businesses "instituted practices which ordinarily would be frowned upon even in horse trading."

Practices incident to the organization and issuance of securities, the withholding of vital facts in the advertisement of such securities for sale, the artificial manipulation of prices on securities markets, and the alleged concealment of essential information in corporate reports to the public, all came in for denunciation.

With force he decried "the opening up of speculative opportunities to people who had no business entrusting their small savings to the carrying of margin accounts;" the for-



WIDE WORLD STUDIOS

President-elect Franklin D. Roosevelt

mation of companies and the arrangement of mergers "not to transact legitimate business or to lower production or distribution costs, but primarily to facilitate the creation and sale of doubtful securities;" the concealment from the public of the "excessive commissions and staggering promotional and sales expense" loaded onto securities, and "the unscrupulous use of the holding company device to manufacture securities unsupported by equivalent physical assets or tested earning power."

Because laws were not adequate or because public officials were lax, because too many men in high business places would not speak out against bad practices, and "because the doctrine of *caveat emptor* was ruthlessly extended to dealings with those who did not know the first principles of safeguarding their own interests," he said, "a collapse was precipitated for which the whole nation has paid a tragically high price."

In substance, he said that when securities markets are frequented only by men of means and experience, they perhaps are one thing from the standpoint of the public interest. But when they are made the instruments for jeopardizing the savings of the majority of the people and, in cases of severe collapse, of threatening the solvency of banking, insurance and other fiduciary institutions, "they take on a most vital public interest. The country's economic security cannot again be jeopardized on such a large scale that a turn of the market can touch off a major national disaster."

It was when I inquired by what means he would endeavor to stop the practices which he criticized that he began to develop the points of view leading to my impression of his

reluctance to employ coercive governmental measures except as a last resort.

His denunciation of the methods of high finance softened. The emphatic, driving gestures gave way to an occasional turning of the hand. Where before he had been leaning tensely over his desk and speaking in quick phrases, he relaxed, swung back in his chair, gazed thoughtfully out the window, and spoke more deliberately.

"Freedom of economic opportunity"

"I HAVE four boys," he said, after a pause. "Naturally I think they are pretty fine. I want to see them get ahead in our American way of working to the top through their own abilities and their own efforts. I want them to do that, not simply by avoiding violation of the letter of the rules, but rather by playing the game in the broader spirit of fair play."

"I want them to have the same freedom of economic opportunity that we possess, to have the same enjoyment of success fairly won, and to bear the same penalties for their own failures and shortcomings. I should like to see the same conditions preserved for other fathers' sons who are coming up."

"Initiative, enterprise and self-reliance always have been, and in the long run must continue to be, our safest guaranty of material well-being. They should not be impaired. But they should not be abused to the point of public injury."

"So, when you ask me what I would do to correct the abuses I have described, I ask what business itself is going to do. Will the better elements in the business community, such forces as the Chamber of Commerce of the United States, responsible trade associations in the finance and utilities field, and the leaders of the legitimate investment banking business, set up standards for the issuance, promotion and sale of securities which will conserve effectively the public interest in such affairs? Business has done much to suppress commercial bribery, to discountenance rebating, and to assure the honest trade-branding of merchandise. It has helped government to enforce laws against the more flagrant forms of blue-sky stock promotion. It has aided in removing the last vestiges of respectability from the bucket shop. It has done much to promote truth in mercantile advertising."

"Can business devise and enforce effective curbs of abuses in securities transactions? The degree to which business will move in these matters necessarily is a large factor in determining how much or how little government will have to undertake to do."

In the absence of such voluntary action, however, Mr. Roosevelt left no doubt of his purpose of marshalling the forces of government to protect what, he conceives, is the public welfare. As was brought out in later speeches, he indicated that he would urge federal regulation of holding companies; the separation of commercial banking from investment banking and the curtailment of such powers of the Federal Reserve System as have led to excesses. In short he would "make every effort to prevent the issue of manufactured and unnecessary securities merely for the purpose of enriching the comparatively few people who handle their sale."

From that discussion, the President-elect developed several other points with respect to the relationships of government with business. Government, in his view, is the instrument through which the people arrive at and enforce policies by common action in the interest of the common good. Its responsibility, he indicated, is to maintain law and order, to protect person and property, to provide for the common defense, to represent national interests abroad, to safeguard the individual in the exercise of his constitutional rights, and to set up and enforce the broad rules within the bounds of which the energetic forces of individual initiative, business enterprise and competition may have free play. But, he added, such moderation in determining the scope of government presupposes—and cannot be practiced effectively

in the absence of—the willingness and ability of business to do its part.

Under his concept, it is the responsibility of business so to order its affairs, so to conduct its manifold activities, so to guard against excesses arising from its own policies and actions, and so to correct its own occasional lapses of responsibility to society as a whole, that it offers to government the least possible occasion and temptation to stray into business matters with which, at best, it can deal only with difficulty.

Mr. Roosevelt's opinions with respect to other business matters—such as the regulation of railroads and public utility companies—reflected much the same attitude. Paraphrasing his views, they were substantially these:

Let business be unfettered so long as it meets its responsibilities to society. Let it disregard those responsibilities and government has no alternative other than to act with vigor.

Departing from conventional terms, Mr. Roosevelt made some interesting observations on tariff policies, although the conversation did not explore the subject exhaustively. His view was that, instead of stabilizing foreign trade relationships on the basis of decreasing the quantity of goods passing each way, the country well might encourage having a reasonable and mutually profitable volume of goods passing in both directions. In substance, he asked why the country should destroy fair competitive markets here for industries which are important economic factors in other countries when, by doing so, it thus invites other nations to destroy profitable markets for the dominant industries vital to American prosperity. There was no evidence of a desire to eliminate a necessary measure of tariff protection for essential American industries. He showed some willingness to have the United States participate in efforts looking toward a scaling down of tariff and customs barriers throughout the world.

When he turned to questions of federal taxation and expenditure, he was dealing with matters close to his heart, concerning which his experience as Assistant Secretary of the Navy in the Wilson administration and his four years as Governor of New York had given him pronounced and forthright opinions. Among his associates in the state government, his grasp of the essential policies, as well as the minutest details, of state finance has caused comment and admiration, almost from the beginning of his term as Governor.

Wants lower federal costs

"I REGARD the material reduction of the cost of the Federal Government and of the taxes necessitated by that cost," he said, "as one of the first and largest contributions which government can make toward enduring economic reconstruction. And that can be done by common-sense methods."

For some minutes he discussed federal finances, analyzing this expenditure, explaining the reasons for that, expressing a doubt concerning a third item, occasionally spicing his remarks with a homely parallel taken from state affairs, and all the while reflecting a realistic grasp of the factors in and out of Congress which tend to control the amount of federal expenditure and the level of federal taxation.

He showed no hesitancy about designating the particular economies by which he believed the government's costs, exclusive of fixed charges, might be reduced by more than \$500,000,000. He appeared to favor the substantial balancing of postal expenditures with postal revenues; the adjustment of military and naval expenditures to an extent consistent with adequate national defense, with cuts in items for the maintenance of purely political army posts and navy yards; the sharp scaling down of the Departments of Agriculture and Commerce to the scope of clearing houses of information, with elimination of costly field staffs and services which duplicate state facilities, and the abolition of numerous independent offices.

"We should have large-scale retrenchment of federal expenditures," he continued, "no small part of which can
(Continued on page 56)

Mr. Roosevelt's Economic Platform



BUSINESS men are asking what effect the change in administration will have on the business situation. With a view to answering this question we print here the President-elect's program for railroads, agriculture, utilities and finance as given in his addresses

Commerce Commission in like manner as railroads themselves.

Utilities

SPEAKING at Portland, Oregon, on September 21, the Democratic candidate laid down this principle as to municipal ownership:

NOT since 1921 has a Democratic President sat in the White House. Now a Roosevelt, but a Democratic one, is again President. His economic beliefs are of major importance to the business men of this country. Here his views on four business subjects are brought together in his own words and from his speeches of the campaign!

Railroads

MR. ROOSEVELT proposed in an address at Salt Lake City these six things which he believes would better the railroad situation:

First—That the government announce its intention to stand back of the railroads for a specified period; its help being definitely conditioned upon acceptance by the railroads of such requirements as may in individual cases be found necessary to readjust top-heavy financial structures through appropriate scaling down of fixed charges.

Second—I propose a thorough overhauling of the federal laws affecting railroad receiverships, and indeed of all kinds of public utility receiverships. There is urgent need to eliminate a multiplicity of court actions, a maze of judicial steps, a long period of business chaos and a staggering expense allowed to lawyers, receivers, committees, etc.

Third—I advocate the regulation by the Interstate Commerce Commission of competing motor carriers. Where rail service should be supplemented with motor service to promote the public interest, the railroads should be permitted in this manner to extend their transportation facilities.

Fourth—I believe the policy of enforced competition between railroads can be carried to unnecessary lengths. For example, the Interstate Commerce Commission should be relieved of requiring competition where traffic is insufficient to support competing lines, recognizing, of course, the clear and absolute responsibility for pro-



Mr. Roosevelt receives congratulations on his fiftieth birthday

tecting the public against any abuses of monopolistic power. Likewise, I believe the elimination of non-paying mileage should be encouraged wherever the transportation needs of the community affected can be otherwise adequately met.

Consolidation should be finished

FIFTH—Proposed consolidations of railroads, which are lawful and in the public interest, should be pressed to a conclusion. At the same time the provisions of the law should be revised in line with the policies here proposed and with repeated suggestions of the Interstate Commerce Commission and of representatives of shippers, carriers and their employees, to insure further protection of public and private interests involved.

Sixth—So-called "railroad holding companies" should be definitely put under the regulation and control of the Interstate

"That where a community, a city, a county or a district is not satisfied with the service rendered or the rates charged by the private utility, it has the right as one of its functions of government, one of its functions of home rule, to set up, after a fair referendum has been taken, its own governmentally owned and operated service."

Then he cited the St. Lawrence, Muscle Shoals, Boulder Dam and Columbia River as "each . . . a national yardstick to prevent extortion against the public and to encourage the wider use of that servant of the people—electricity."

In the same speech Mr. Roosevelt laid down these eight points on regulation and control of utilities:

First—Full publicity as to all capital
(Continued on page 55)

Nine Other Industries



The Case for Autos

MR. PEW'S notes on the extent and inequity of the taxes levied against the petroleum industry are merely a preface to the book of complaint which the automotive industry as a whole could write on the subject of unfair taxes.

Prior to the enactment of the discriminatory revenue law of this year, the motorists of the country were not only paying gasoline taxes but, in addition, they had to dig down into their pockets for license taxes, mileage taxes, permits and a score of other levies.

The sum total of their special taxes alone was more than one billion dollars and on top of that were piled all of the general taxes which motorists, like all taxpayers, must meet.

By the time the Congress had finished its job, another \$258,000,000 (if the Treasury estimates are realized) had been added to the load.

In other words, the motor owner was called upon to pay 24 per cent of the additional taxes provided for by the law. Today one dollar in every eight collected for tax purposes in the United States is levied in special taxes against the citizen who drives a motor vehicle.

From the point of view of the motor vehicle manufacturers, this burden constitutes a continuing sales resistance at a time when we are making every effort to cut the price of our commodity to the consumer.

As a factor in employment, these taxes are serious because one man in every 11 employed in productive labor in the United States depends upon the production and use of motor vehicles for his living.

Every decrease in the sale of motor vehicles adversely and immediately affects industry, agriculture and transportation.

Looked at by the fiscal expert, these levies are harmful because they result, as Mr. Pew has pointed out, in the operation of the law of diminishing returns.

Naturally, all of us would like to see the other fellow pay our taxes but there comes a time when he can't or won't do it. The present tax law shows that point has been reached.

There is only one practical answer to this situation under present day conditions. Labor and employers alike have had to cut their budgets. Government must do likewise. The emphasis should be one of tax reduction rather than one of a search for new revenues.

That done, whatever new levies may be essential should take the form of a general manufacturer's tax which would spread the burden over all instead of unfairly singling out any one group or groups.

A. R. ERSKINE, *President,*
The Studebaker Corporation

The Case for the Taxpayers

MR. PEW fails to appreciate that his oil industry's principal consumer is the motor vehicle industry, which last year had a dole from the taxpayers—in the form of rural highway expenditures—of \$1,385,000,000 in addition to what the automobile users paid in gasoline taxes and motor vehicle fees.

Mr. Pew overlooks the fact that gasoline taxes are toll-taxes. Although the oil industry collects them, they are paid by the motor vehicle user and are in no way a burden to the oil industry.

WRITING in our October number, J. Howard Pew, President of the Sun Oil Company, declared "no other industry pays more than a fraction of the taxes under which the oil industry labors."

In an editorial note we asked: "Can any other industry show that it is harder hit?"

The only oil industry tax that is comparable to Mr. Pew's railroad comparison is his \$173,000,000 "property, corporate, production, income, license and other levies." For each \$100 of investment, the tax burdens compare as follows:

Mr. Pew's claims for oil industry	\$9.09
Facts for oil industry	1.73
Facts for railroads	1.62

Mr. Pew's claims that his is the most efficient of American industries should be compared with the following:

The testimony before the Federal Oil Conservation Board showed that for each five barrels of oil underground the industry wasted four barrels in getting one.

The easily avoidable waste of natural gas in money value—what it will cost to replace it—amounts to \$6,000,000 every sun-rise or \$2,364,000,000 annually. The value of this unnecessary waste of natural gas would pay more than half the cost of the United States Government, and would equal the American Legion's demands for cashing the bonus.

SAMUEL S. WYER, *Consulting Engineer,*
Beggs Building, Columbus, Ohio

The Case for Agriculture

THE OIL INDUSTRY has its tax burden, but it can still squawk. If it were forced to change places with agriculture, I fear its squawk would be but a feeble last croak of despair.

According to Mr. Pew, the petroleum industry pays a total annual tax of \$909,000,000 including the new federal tax on pipe line transportation. However, he stated that, in 1931, the tax on "property, and the corporate, production, income, license, and other levies was \$173,000,000. The balance, state gasoline taxes, the new federal taxes on gasoline and lubricants, are not paid by the petroleum industry. These taxes are assessed against the traveling public mainly for road building and maintenance purposes; and constitute a public investment that has greatly enlarged the market for petroleum products.

On the basis of this \$173,000,000 direct tax, the oil industry paid, in 1931, a tax of 1.73 per cent on its capital investment of \$10,000,000,000. In the same year, it had net earnings of \$165,000,000. Thus, the actual tax paid by the industry was 105 per cent of its net earnings.

Making a similar analysis for agriculture, using figures from the 1932 *World's Almanac*, we find that agriculture had a total investment of \$57,246,000,000 in 1930.

From the 1932 Yearbook of Agriculture, we find that agri-

Squawk About Taxes

THE number of business men who have written to us in answer to Mr. Pew shows that taxes are not so much a problem for one industry as they are for industry collectively. Perhaps the answer is not in shifting taxes but in reducing taxes

culture's gross income in 1930 was \$9,347,000,000. To produce this the cost and expenditures, including wages, fertilizer, feed, implements, and so on, was \$4,022,000,000.

To these costs must be added depreciation on the investment. Depreciation at the rate of five per cent on buildings amounts to \$647,000,000. Depreciation on the investment in implements and machinery at 12.5 per cent equals \$412,000,000. Salaries for the farmers and their families must be included. Placing this average salary at \$600 a year, we have a salary item of \$3,773,000,000.

Further, the interest on farm mortgages amounted to \$540,000,000. Based on an average interest rate of five per cent, this would be interest on a mortgage indebtedness of \$10,800,000,000, leaving a balance of \$46,446,000,000, the equity owned by agriculture.

Inasmuch as the oil industry was able, after paying all operating expenses including taxes, to pay interest on invested capital over the ten year period prior to 1930, of 2.98 per cent and 1.65 per cent in 1930, it should be reasonable to figure interest on agriculture's equity of \$46,446,000,000 at two per cent, an item of \$929,000,000. These items, without including agriculture's tax expense, total \$9,783,000,000.

The gross income of agriculture that year being \$9,347,000,000, we find agriculture had an operating *LOSS* in 1930 of \$436,000,000. In spite of this, agriculture is required to pay in addition a property, personal and income tax of \$777,000,000. This amount, however, does not represent agriculture's total tax. The direct taxes levied against the oil industry were unquestionably included in the price charged for gasoline and other products. Thus, agriculture helped pay the taxes of the "petroleum goose".

Agriculture is the only industry, which, due to its economic set-up and apparent inability to control production, has been unable to add to the selling price of its products any operating costs, including taxes, as all successful manufacturers do.

The tax burden is not one that can be settled by the mere shifting of this onerous burden from the shoulders of one industry to those of another. The real solution is, reduce the costs of government to a point more nearly equal to the ability of the public to pay.

D. H. KELLOGG, *Manager*
Twin Ports Cooperative Dairy Assn.,
Superior, Wisconsin

The Case for Lumber

I AM RATHER of the opinion that Mr. Pew's statements

would sound like a sweet lullaby compared to the expressions that would go up from the lumbermen if the matter of taxation of our timber resources is compared.

Here are some facts. In cases which have come to my attention, lumbermen who purchased timber 50 years in advance, or longer, with the assurance of being able to continue operations during a certain definite period which would repay the cost of investing in manufacturing plants, find themselves paying taxes 4,600 per cent higher than they paid the first year.

Timber is a natural resource. Although it can be reproduced if proper conservation measures are adopted, it should not be destroyed by reason of its being forced on an unwilling market.

All efforts to adopt a yield tax, or to readjust the taxation laws in timbered countries have failed.

A great cry went up 20 odd years ago, that forests were being depleted so rapidly that no timber would be available in 20 years. This, of course, is an absurd contention, but those who feel that timber is a valuable asset realize that a program should be adopted which would determine the amount of money that should be raised from this asset and thus perpetuate the industry.

To meet the taxes today, which are assessed regularly each year, stumpage must double in value in approximately nine years if interest is considered.

This I do not think has been the case. It certainly is not the case today, and if some means are not provided whereby the total tax levy is controlled, it would seem that this industry will be involved in disaster.

E. G. GRIGGS, *President*,
St. Paul & Tacoma Lumber Company,
Tacoma, Washington

For Lumber Again

MR. PEW gives \$909,000,000 as the appalling total of the oil industry's taxes, but of this amount \$736,000,000 is, by authority of law, collected by the industry from the public for gasoline and other consumption. Oil actually pays \$173,000,000 in taxes (including income levies) out of a gross product of more than a billion (\$1,510,000,000 in 1931, \$2,640,000,000 in 1929). But the lumber industry is paying this year about \$60,000,000 in state and local taxes out of its gross income of less than \$200,000,000. Is the oil industry handing around one-third of its true total income to the tax collector?

Being without net income the lumber industry escapes income taxes but these other taxes are necessarily paid, if at all, out of capital. Millions of dollars of assessed timber taxes are not being paid because there is nothing with which to pay them.

When taxes cannot be paid out of current net revenue they must be paid out of reserves or capital. Generally speaking, the cash reserves of the lumber industry were about exhausted by the beginning of 1932. Consequently, this year's tax bill of \$60,000,000 or \$70,000,000 must be paid out of capital.

It is literally true that so far as the lumber industry is operating at all it is doing so largely by depleting its capital, represented by its standing forests, to get cash with which to pay taxes. There is no possibility of any important reduction in the annual tax on timber, either this year or within

the next few years, for it is imbedded in the general property taxation system.

Some of our "socially minded" people are talking about a capital levy. The lumber industry has it.

THEO. M. KNAPPEN

Of the National Lumber Manufacturers Association

The Case for Radio

I FIRMLY BELIEVE that the federal tax imposed upon radio receiving sets and electric refrigerators has most definitely injured our business.

We were going along quite well until the tax was imposed. Then our business dropped off and has not recovered. Our percentage of sales as compared with a year ago showed a steady gain this year until July. Since that time we have shown a loss in volume as compared with last year.

September 26, 1932

POWEL CROSLY, JR., *President*,
The Crosley Radio Corporation,
Cincinnati

The Case for the Railroads

IN THE first place, let us analyze some of Mr. Pew's statements. Among other things he says that, "each time I have been brought into close contact with activities of other industries I have been left with the strengthened conviction that the oil business is the most efficiently operated of American industries."

This statement is subject to debate. Economic production is no longer the big problem facing industrial America, but rather profitable distribution. Accordingly, from an economic standpoint, is it fundamentally sound for a half dozen competing oil companies to have as many gasoline service stations in one or two city blocks? Would the public not be served just as well if one cooperative station handled a half dozen or more kinds of gas? Are such methods of distribution typical of the efficiency of the oil companies?

Mr. Pew lays much stress on the statement that "no other industry pays more than a fraction of the taxes under which this one labors," and then he goes on to say that on an investment of \$10,000,000,000 the oil industry will pay taxes for the fiscal year aggregating \$909,000,000, while the Class 1 railroads that have been tentatively valued by the Interstate Commerce Commission at \$21,691,000,000 will pay only \$353,000,000 in taxes.

Is this a fair comparison? I think not. Taxes are usually imposed on a basis of profits realized or volume of sales rather than on property investments.

Mr. Pew states that the earnings on investments of the oil industry for 1930 were 1.65 per cent.

During the first eight months of 1932, according to the Bureau of Railway Economics, the net operating income of the Class 1 railroads was \$152,294,615, which represented an annual return on the property investment of only 0.93 per cent. Seventy roads operated at a loss. This showing was unavoidable because gross operating revenues during that period fell off more than \$100,000,000 a month, or 28.6 per cent as compared with the corresponding period of the previous year.

The railroads are large users of lubricants and yet the concerns that supply these lubricants, instead of reciprocating by giving their entire freight business to the carriers, construct pipe lines to transport petroleum.

In this connection, possibly the most constructive move that could be made to rehabilitate the country would be for the Federal and State Governments to declare a two-year tax moratorium on railroads, beginning January 1, 1933, and thus give the carriers a fighting chance to get back on their feet. Certainly such a move would do much to restore confidence by increasing the value of railroad securities.

Another, and less radical plan, would be for taxing bodies

to abate temporarily the taxes on that portion of the capital investment represented by the roadbeds of the carriers, and thus put them on a more equal footing with motor trucks and busses that now travel over highways constructed and maintained by the public.

In times like the present it is well to remember that tax-raising authorities, at their wits ends to make both ends meet, quite naturally turn toward the prosperous industries. Thus it is always the fattest goose that gets plucked.

EDWARD C. DEARDEN, *Vice President*,
Sloane-Blabon Corporation, New York

The Case Against the Sales Tax

MR. PEW evidently thinks a general sales tax would be wholly equitable, when in reality it is no more so than the hodgepodge taxes that have been laid. Take, for instance, a concern doing a business of \$100,000 annually on a small volume and wide margin of profit. Many such concerns enjoy normal markups of 33½ per cent. Our exemplar would therefore enjoy a profit of \$25,000, on which it would pay say a 2½ per cent sales tax, the equivalent of a ten per cent income tax.

Now take another concern, one doing a half million dollar business on a normal five per cent margin, and there are many of that sort too. Its normal profit would also be \$25,000 but its 2½ per cent sales tax would constitute an income tax of 50 per cent.

To be sure, theoretically both concerns would add the tax to their costs and pass it on to the consumer. But, quoting Mr. Pew, "try it once and listen to the uproar."

If the oil companies who post the tax as a separate item at the filling station and collect it thousands of times daily are impotent in this matter, where will the manufacturer of shipping boxes get off?

H. H. SQUIRE, *Advertising Manager*,
The Hinde & Dauch Paper Company,
Sandusky, Ohio

The Case for Coal

I MUST CONFESS that we are not losing so many feathers but there is one all-sufficient reason and that is that the coal industry has no feathers left to lose. We are unmercifully taxed but our taxes are not in the form that can be passed on to the customer and, as an occasional buyer of gasoline, I note that the gasoline bill always includes "Tax, — cents per gallon." We have no such fortunate system in coal which is why there are so few feathers left on the coal goose.

J. D. A. MORROW, *President*,
Pittsburgh Coal Company,
Pittsburgh, Pa.

The Case Against Oil

MR. PEW evidently forgets that the oil industry is disposing of one of our principal natural resources; he forgets that gasoline and oil in America are cheaper than the prices in all foreign countries; he forgets that all of the tax distributed has been absorbed by a patient public; and he forgets that the tabulation of oil industry profits, as computed by the New York Stock Exchange for the first six months ended June 30, 1932, shows that one particular industry to be the only one earning a very substantial net profit.

Since net profits are, in the final analysis, the real answer to an industry's well being, why is such an ill-timed piece of propaganda in your publication?

EDWIN P. SCHROYER

What's Ahead in Washington

W. M. Kiplinger Examines the Future Results of the Election

DEAR MAC:

BEFORE looking ahead we'd better look back and hold a brief election *post mortem*.

I shall not attempt to give you an analysis of the causes leading to the change of government. They are too complex; there isn't time. Besides, we are all tired of political controversy. But there are a few things that ought to be said.

It is *not* a fact that defeat is "inevitable" for the party which happens to be in power during a major depression. True, chances are against its retention. Modern peoples are very much like ancient peoples who, when drought came and crops failed, took down the idols from the wall and spanked them. True, our voters have been taught falsely that economic prosperity flows from the political policies of the party in power and are quick to attribute bad times to the government.

But the public does not always overthrow the government which has been in office during times of economic perplexity. The Hoover administration had a good chance of holding on, as can be seen by careful examination of the state-by-state election figures. The trouble is not merely that Mr. Hoover and his party happened to be *in* during the depression. The trouble is this—plus something else.

The *something else* is the faulty publicizing of the whole Hoover administration. It isn't that there was any dearth of statements, or news, or announcements. There were plenty of these. But look at it this way:

From the beginning of the Hoover administration there was a tendency on the part of most of the high officials of the administration to assume that if they attended to their work the results in due course would be good and would be appreciated by the public *as a matter of course*. There was inadequate explanation of the whys and wherefores. There was an attitude of "let us alone, don't ask us to explain, and we'll do what ought to be done for you." This attitude is possible in good times, but not in bad times.

It is a fault in the public relations policy of the defeated administration.

The White House under Mr. Hoover has had what is called a "bad press." This means that the press men as a body were not sympathetic, and many of them were openly antagonistic, regardless of whether they happened to serve Democratic or Republican papers. Now it happens that the newspaper correspondents of Washington are usually more than 51 per cent anti-administration, no matter what administration is in power. This is due partly to the professionally critical attitude of good correspondents, and partly to the *prima donna* habits of poor correspondents. But in the case of the Hoover administration, an overwhelming majority of Washington newspapermen have been "anti-Hoover."

There isn't any single simple explanation, but the one point easiest to see is that White House press relations have been managed clumsily. This is a technical matter, of interest mainly within Washington. It is symptomatic, however, of the general attitude prevailing within the Hoover administration on all matters having to do with the relations between the Government and the public. Too many business leaders, too many political leaders, too many private citizens who really were in sympathy with the administration's aims discovered from time to time that their affections had been alienated by real or fancied "insults." Often these came from the White House itself. Often they came from other governmental quarters. Little by little, bit by bit, there was created

the public impression that the Hoover administration was "high hat." (Lest you think this is a hindsight view, recall that I have written you the same comments repeatedly in the past two years.)

It is easy to make a case on the side of explanation and justification. The trials of public office are numerous, and the tendency among various elements of the public to "put across fast ones" on government officials is great. But it is too late to make the case. The only constructive purpose in stating the facts now is to point the moral that when our public officials permit themselves to *seem* intellectually arrogant, they weaken themselves and fall.

Hoover's Place IT IS too early to talk much about Hoover's place in history, because current vision is warped by the hang-over of passions. Besides, the facts about this depression, especially with regard to the relation between economic influences and political actions, are not yet clear.

It is reasonable to assume, however, that Mr. Hoover will appear in history as overly criticized. It is probable that he will be given credit for honesty, sincerity and conscientiousness. It is probable historians will say that he was not sufficiently foresighted—a common fault of his times. It may appear that he did not take to heart the lessons which might have been learned from his own group studies of the causes and cures of depressions, initiated by him before he assumed the presidency. It certainly will appear that he reaped the harvest sown by preceding administrations, which were of his own party.

Roosevelt's Nature THERE are certain things which you ought to keep in mind about Mr. Roosevelt. One is that he is personally modest. He does not think he knows it all. He does not have a mind skilled in the handling of details. His mental shelves are not overloaded with information and knowledge of multitudinous factual matters. He certainly is not nearly so well informed as Mr. Hoover. (But no one in the United States is technically so well informed as Mr. Hoover.)

Consequently Mr. Roosevelt will do more leaning, more accepting of advice, more listening, more wrangling and cajoling, more wriggling, twisting and turning, less individual personal hard work, than Mr. Hoover has done.

Whether he will make a good President is more than can be said at this stage without applying some preconceived theory, hope or bias. It is a fact, however, that men who are primarily politicians have usually made the greatest successes in the position of President of the United States. It is essentially a political job, not a general manager's job.

The modesty trait in Mr. Roosevelt will help him to select good cabinet members and to place responsibility and reliance in them. Knowing less than Mr. Hoover about *things*, he will expect his cabinet members to know more.

Roosevelt's Policies A MERE review of the Roosevelt speeches and of the democratic platform is not an adequate guide to the policies of the democratic administration. Preelection utterances of parties and men are always full of generalities and hokum. They must be mixed with practicalities. These practicalities involve a knowledge of what is economically possible and what is politically feasible. Prominent among the political feasibilities is the point that Congress, even under party whip

and spur, often will not do what the party leaders have promised. Always remember that current governmental policies are a compromise of what the Executive wants and what the legislative is willing to vote.

Mr. Roosevelt in his speeches and the democratic party in its platform have indicated their policies. The unsophisticated voter is likely to accept these assurances literally and at par, but this is a wrong and misleading attitude. The platform and the speeches should be considered merely as indications of general direction, general principles. The specific policies, the specific acts, are always the result of many compromises.

Tariff THE Democrats will attempt no general downward revision of the tariff for two or three years—until after the emergency phases of the depression are clearly past. Their platform declaration for more moderate tariffs will merely be held in abeyance until then. They will maintain high protective tariff on agricultural products, precisely as the Republicans have done.

Actually our tariff policy is no longer a real partisan issue. It is, as has often been said, a sectional issue.

Reciprocal treaties or "deals" between the United States and other countries are advocated in the democratic platform, but Mr. Roosevelt has done no talking on the point, and no one takes it very seriously. It would take years to work out.

The Tariff Commission in due course will be reorganized once again, and made to report its recommendations to Congress, instead of to the President under the so-called flexible provisions as at present. This will strengthen the Tariff Commission rather than weaken it. The Commission will acquire prestige, and its recommendations will stand better chance of ratification by Congress, with less of the scandalous political manipulation which has been common in the past.

There probably will be new legislation against imports from depreciated currency countries.

War Debts WAR debts are to be revised. Quite as many Democrats as Republicans in Congress believe in this, not as a matter of pleasure, but as a matter of economic expediency.

(The way the debt revision issue was soft-pedalled in the campaign is one of the campaign's most humorous aspects. Both parties did it.)

It is not yet clear how the United States is going to get *tit for tat* in revising war debts downward. Reduction of armaments and trade concessions to American business are talked by leaders of both parties, but the outlook is hazy. Unfortunately, we should not expect much along either line soon.

Taxes THE federal taxation policy is not changed materially by the shift in government. There is no great difference between the two parties on tax policies. In raising taxes, in balancing the budget, it is arithmetic which controls more than party theories. The arithmetic points to the conclusion that the aggregate amount of federal taxes must be raised, rather than lowered, during the next couple of years.

A general manufacturers' sales tax probably will be adopted eventually by the Democrats. Perhaps it should be expected to take effect late in 1933, or early in 1934.

Budget THE budget for the current year ending next June 30 will be off balance by something like a billion dollars. The budget for the next year, 1934, may be a little off-balance. The first real Roosevelt budget will be for the fiscal year 1935; it will be made by the newly elected Congress, taking office after next March 4. The budget for 1935 probably will be balanced, but at present it seems almost too much to expect any earlier budget to be technically and fully balanced. This is not an especially encouraging outlook, but

it looks like a fact. Mr. Roosevelt stands for balancing the budget, of course.

Economy THE Democrats pledge a reduction of federal expenses by 25 per cent, or from four billions to three billions, and Mr. Roosevelt specifically stood on the pledge. It sounds nice, and it makes votes, and it is not impossible. But it is highly improbable, and I do not hesitate to tell you that it will not be done.

Congress this winter may lop off 300 millions of ordinary expenditures, but it will not go much further. When Mr. Roosevelt gets in he will discover that his own party men in Congress will not support the cuts which would be necessary to reduce the budget by a billion dollars.

Veterans, Bonus MR. ROOSEVELT will oppose cash payment of the bonus until the Government's budget is balanced. This means that he will oppose it during the next four years.

The bonus is not a dead issue, but the bonus will not be voted.

Curtailment of the outlays for veterans (one billion dollars, one-fourth of the budget, growing from year to year) depends absolutely on public sentiment. It will take two years to develop sufficiently strong public sentiment against veterans' expenditures to force Congress to vote to curtail them by any substantial amount. I doubt if it will be done this winter. Mr. Roosevelt dodged this issue during his campaign, as did Mr. Hoover.

Relief UNDOUBTEDLY there will be new appropriations this winter for federal aid to states and municipalities for relief. It will be the most severe winter of the whole depression.

(This is one reason why we must count on higher rather than lower federal taxes during the next few years.)

It isn't too early to begin to figure on heavy unemployment for the winter of 1933-34. We might as well prepare our minds for it. Plenty of officials in Washington talk about it privately, though none of them dares talk publicly about the prospects more than a year ahead.

Public Works MR. ROOSEVELT is a little more favorable to large programs of public works to provide employment than Mr. Hoover and the Republicans were. It looks as if the Democrats would embark on a moderate public works program, larger than at present, restrained only by the budget-balancing requirements. Emphasis will be on self-liquidating projects, financed through the Reconstruction Finance Corporation. This means bridges, tunnels, and other things which bring in revenue. There will be nothing very "wild" about the democratic public works program.

Mr. Roosevelt is strong for reforestation, and will do something about it.

R. F. C. THE Reconstruction Finance Corporation will continue to function pretty much as in the past. No one has any big ideas about changing the powers.

It will be reorganized under Mr. Roosevelt, with some different directors.

Inflation THE United States has already had a small dose of currency inflation, through the issuance of about 100 millions of new national bank notes, and this amount probably will be expanded in the next year.

I shall not burden you with technical discussions of all the possible ways in which inflation might be accomplished. It is my impression that this country will resort to no drastic inflation, such as issuing billions of dollars of new currency. The Democrats in the House voted inflation measures in the past session, with some Republican aid, but they will be more conservative in the future under administration re-

sponsibility. Mr. Roosevelt is not for drastic inflation, despite the Republican campaign claims against him.

Private Debts IF WE are not to have inflation, then we must have a scaling down of debts, both public and private. Public debt burdens must be reduced in due course by refinancing at lower interest rates. The Federal Government will tackle this as the money markets make it possible. (Credit will remain cheap indefinitely.) Private debts must be scaled down by the processes of reorganization of the financial structures of corporations, refunding at lower interest rates and perhaps lower amortization rates, refinancing, and even receiverships. In many different ways and many different situations this business of debt reduction will be under way during the next year.

The implication is, of course, that commodity prices are not expected to rise to anything like the levels of the years when the debts were incurred. The capacity to pay, therefore, does not exist.

Farm Mortgages FARM mortgages are merely one of the many classes of debts which must be reduced through refinancing. Mr. Roosevelt is in favor of this. So is Mr. Hoover. Congress will tackle the subject this winter, appropriating government funds with which to refinance delinquent farm mortgages. The volume of these in relation to the total mortgage indebtedness is not great, and the legislation will apply only to emergency cases. The problem of what to do about all farm mortgages will be left to succeeding years. Perhaps economic vision will be clearer then.

Governmental policy is quite definitely directed toward minimizing farm mortgage foreclosures.

Home Mortgages THE same comments apply to home mortgages, except that governmental machinery for taking care of these is less developed than in the case of farm mortgages. The Home Loan Bank System is just beginning to get into operation, and its influence will be slow-acting over the next few years.

Agriculture MR. ROOSEVELT believes in the voluntary domestic allotment plan for controlling crop surpluses. The object is to raise the domestic prices of agricultural products above the world price, to "make the tariff effective," without increasing domestic production. It will be put into effect by legislation to be adopted either this winter or next spring.

Agricultural products will continue to have tariff protection under Democratic policy, as in the past under Republican policy.

Banking THE key to the whole Roosevelt-Democratic policy on banking is in the pending reform bill of Senator Glass. It will be pushed vigorously, and will constitute the biggest single piece of banking legislation since the war.

It means extension of branch banking within conservative limits, divorce of security affiliates from commercial banks, stricter supervision of national banks, stricter control of Federal Reserve credit, and many other things.

Policy is headed, slowly and gradually, toward unification of our banking into one national system, toward ultimate abolition of the various state banking systems.

Mr. Roosevelt has not made up his mind about many features of banking legislation, but generally he relies upon and trusts Senator Glass.

Utilities MR. ROOSEVELT is not particularly "radical" on the subject of utilities. He believes in more regulation, mainly by states. He believes in federal regulation of holding companies, especially in their financial structures, their security issues, and their relations with operating subsidiaries. These views are not essentially different from those of other thinkers, even including the more progressive utility leaders themselves. There is nothing in the Roosevelt program which will destroy profits of utility companies, but there is much that will make profits moderate.

Mr. Roosevelt believes in government ownership, development and operation of such big projects as the St. Lawrence, Muscle Shoals, Boulder Dam and the Columbia River, and the sale to private companies of the electricity developed from them. He thinks of these government projects as clubs to enforce competition and reasonable conduct among private power companies. It is probably true that public thought has been swinging slowly in this direction.

Railroads THE Roosevelt program for railroads is conservative and reasonable. He believes in establishing a definite policy. (So does everyone.) He believes in definite commitments. He believes in ending as soon as possible the hand-to-mouth government financing, and in helping the railroads to get

their financial structures down to bed-rock. He implies that there should be some reorganizations and perhaps receiverships in 1933. He believes in regulation of motor carriers which compete with railroads. (So does everyone.) He believes in pushing along consolidations.

There's nothing startling in his ideas. The job is to put them across, to get Congress to cease dilly-dallying. It will take a couple of years to do the job.

Beer WE SHALL abolish national prohibition and we shall have beer, but the time element is still a little hazy. Chances for legalization of beer before March 4 are now rather strong, but you must always remember that a fighting dry minority can prevent final action in the Senate if it wishes to do so. Both wets and dries are now turning their attention to proposed methods of controlling the sale of liquor. A dual system of federal regulation and state sale, roughly resembling the Canadian system, is receiving serious consideration. There is no real crystallization of sentiment on this as yet, however.

Anti-trust THE Roosevelt-Democratic ideas about what to do on anti-trust laws are vague. Neither party has a program. You must look beyond party platforms.

It is perfectly clear that public and congressional thought is moving toward the legalization of trade agreements, by which trades and industries can establish certain rules to guide their own conduct, these rules to be supervised by some government agency, such as the Federal Trade Commission.

Party Similarities LET me impress on you once again that the similarities in the two parties are much more impressive than the differences. Make a list of the Roosevelt ideas and you will find that they correspond

HERE are the answers to some of the questions which the results of the election have raised in the minds of business men. They are the views of a man whose experience amply qualifies him to comment on the Washington situation. We believe they are worth your consideration but they are the views of Mr. Kiplinger rather than of NATION'S BUSINESS

very closely with the Hoover ideas. There is no difference in aim. There are differences in method and approach. If it were not for this four-month period between November election and March inauguration, the change in Government could occur with very little disturbance to business.

Lesson to be learned from this year: Support the proposed amendment to abolish the lame duck sessions of Congress and move up the inauguration to the first of the year.

There's no reason, in these days of radio, for a delay of nine months between nominating conventions and inauguration.

New Remedies BEFORE this winter is ended we shall see the revival of plans for government subsidy of construction operations, along the lines of the so-called Rorty plan. This provides that the Federal Government pay a bounty or a bonus to the private interests which will undertake construction operations. The amount of the bounty or bonus would be determined by competitive bidding among the prospective recipients.

Let us assume that a bridge is needed, but the financing of it is difficult at present. A contractor will agree to build it if he can get a ten per cent bonus from the Government. Another contractor will undertake it for an eight per cent bonus. The eight per cent builder gets it.

This is an overly-simplified explanation. I merely suggest that you pin the plan in your mind, because it will have much discussion a few months hence.

Business Outlook THE business outlook is better than it was six months ago, but it is not good. The credit and banking situation is "sound," and there should be no repetition of the old wave of bank failures. The danger of "going off gold" probably is past, provided we really make progress toward balancing the budget, as we probably shall.

But easy credit is not making active business.

Not much improvement can occur in the basic business situation this winter, but there is no reason to expect any deterioration. (You can draw either discouragement or encouragement from these facts, according to your mood.)

There will be a spring pick-up, of course. Whether it is more than seasonal cannot be foreseen accurately at this time.

One thing seems certain: The recovery from depression is under way, but it is very slow and will continue to be slow.

Tag Ends —EXPECT a new crop of lobbyists to come to Washington under the Democratic administration.

—There are four or five new Washington "scandal books." People eat 'em up.

—A Washington journalistic institution of great merit and growing reputation is "Editorial Research Reports," which does current research for newspaper editorial writers, giving them facts from which they can draw their own editorial conclusions.

—The Brookings Institution, Washington, has just published a new book on "Advertising Allowances," showing that in many cases these amount to price concessions and rebates.

—Expect more social disturbances this winter than ever before. Expect several marches on Washington.

—Expect railroads to continue the ten per cent wage cut, not to increase it.

—You asked who was the best Washington political broadcaster. William Hard, because he thinks clearly and talks crisply.

—Mr. Roosevelt will import quite a few intellectuals who will work with him behind the scenes in devising policies.

—The Hoover Commission's report on "Social and Economic Trends" will be coming out before long. It is the next related job following the 1929 report on "Recent Economic Changes."

—Expect merger of War and Navy Departments, despite opposition of both services.

—Expect Mr. Roosevelt to have trouble with some of his "radical" friends. They will want to be close to him, and he will not want them too close.

—Watch for the forthcoming reports on governmental economy from the Chamber of Commerce of the United States, National Association of Manufacturers, National Economy League, National Industrial Conference Board, and others. Watch how their programs will step on the toes of many of their constituent members. Listen to the members roar.

—Expect many corporation reorganizations next year.

—Expect stiffer business competition progressively for next few years. Inefficient units never were being weeded out faster than at present.

—There seems to be no doubt that the Socialist party will become a real party in the United States within the next decade. It is inevitable, however, that the party will develop as many internal frictions as those within the Democratic and Republican parties.

—Bureau of Foreign and Domestic Commerce is due for reorganization under the Democratic régime. It contains dead wood, both in personnel and in functions. The Bureau's foreign service is quite efficient, but lacks proper expense money; this economy makes waste.

—Expect a satisfactory degree of cooperation between Democrats and Republicans in this winter's Congress.

—Mr. Hoover is temperamentally not a "good sport," but he is rational enough to play ball and not sulk.

—Installation of Democratic postmasters to replace Republican postmasters means practically nothing in the running of the postal service. The service could run about as well without postmasters.

—The way large mail users have switched from three-cent first class postage to 1½-cent third class postage is a good joke on our Government. Three cents on letters produces a little more revenue than two cents, but not 50 per cent more.

—Glass and McAdoo will make a Senate team on legislation for the purging of our financial system of many crooked practices.

—One of Mr. Hoover's troubles was that when he went into office he had an excess of friends who subsequently turned against him because he could not take advice from all of them; this applied particularly to the host of business leaders. Mr. Roosevelt will have something of the same difficulty, except that his excess of friends are mainly in the political realm.

—The Department of the Interior is sadly in need of reorganization. Perhaps the Democrats will lift it out of its fossilization.

—The American Government was smart in appointing private citizens instead of public officials to head its delegation to work up subject matter for the International Economic Conference. As private citizens they had elbow room and were not cramped by the various complicated "positions" of our Government.

—One reason why farmers don't get more "relief" is that they will not agree among themselves on any single program, and their political influence is split among three national organizations—Farm Bureau, Grange, Farmers Union.

—More and more persons are accepting the view that one cause of the depression was inequitable distribution of the current profits of industry—too much into dividends, too little into wages, thus too little into consumer purchasing power.

Sincerely yours,

Wm. F. Anger

The Railroad Has New Things to Sell

By L. C. PROBERT

Vice President, Pere Marquette Railway

● **ALTHOUGH** the railroads have nothing to sell but transportation, they have not let this fact prevent them from engaging in the progressive modern practice of "dressing up the product." As a result of their efforts, a train ride today is a far different experience from what it was a few years ago

○ **ONE OF OUR** great industrialists with a reputation as a humorist recently poked some fun at the railroads.

"The only new thing they have done in the last 50 years," he wrote, "has been to put in a slot for used safety razor blades."

A lot of people got a laugh out of that, because there is, among many, a subconscious notion that the railroads are an unprogressive, backward lot, hoping to live on their accomplishments, and expecting some kind of paternal protection from the Government against their modern, rising competitors, instead of being a forward-looking, outstepping bunch, expecting to meet new conditions and new competition as they appear, and win if they can.

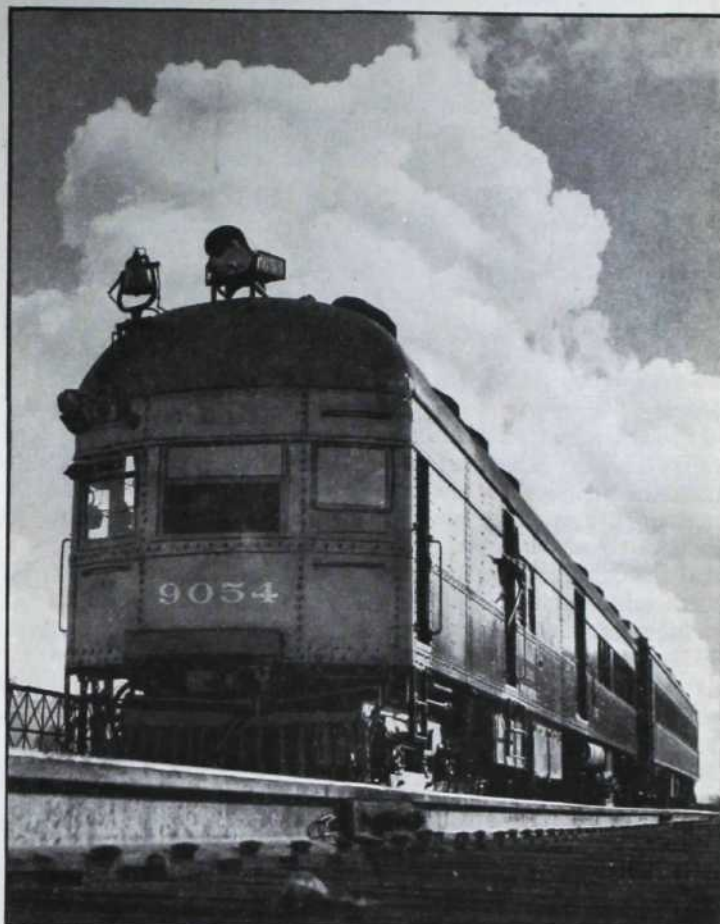
It should be remembered at the outset that the railroads asked for no paternal protection—it was handed to them—and that most of the fatherly protection has turned out to be stepfatherly "don'ts."

Any discussion of the railroad question, if it is to lead anywhere, must start on sound premises. The premises in this case are that the railroad doesn't ask to be protected against any kind of competition. It merely asks the opportunity to meet competition with everybody on all fours.

If it turns out that, given equal opportunity in competition, other agencies can transport passengers and freight with greater convenience and benefit to travel and industry—then that is going to be just too bad for the railroad, and nothing can be done about it. Progress is progress. America has been raised and has grown great on it and no men or set of men will ever be able to stop it in their own interest.

But no railroad man believes that it is going to be just too bad for the railroads or that within our time, or for some time thereafter, the railroads are going to cease to be the backbone of our transportation system, both for purposes of business and for national defense.

There has been progress, outstanding and real, on the railroad every year since the lines came back from Government control after the war. It has been so real and has been accomplished with so little ballyhoo that much of the public has accepted it as a matter of course. It has not been as swift as progress in private business, because progress necessarily travels slowly in any business which has too many masters. This is particularly true when each of those masters



WILLIAM RITTAGE

A gasoline train developed by the Chesapeake & Ohio for use in short haul passenger service

has taken unto himself some of the functions of management, without assuming the corresponding responsibilities.

If you were to tell a merchant on the south side of Main Street:

There is too much regulation

"I AM going to prescribe what you shall charge for your goods, but I'm not going to have anything to do with what you have to pay for your raw materials; and on the north side of the street I'm going to encourage to compete with you, a fellow who will have no rent to pay; who will have special concessions on his taxes and, in some cases, will be charged no interest on his investment. I'm not going to regulate what he charges for his goods—he can cut your throat if he wants to—and he will be free to do any of the things which will get for you a reservation with the warden of the Leavenworth Penitentiary."

If you said that to the merchant on the south side of the street he would probably promptly go into a fit. The railroad is the merchant on the south side of Main Street who is sometimes blamed for not being progressive.

Now let's see what progress the railroad has been making in spite of its fetters. Most folks think of railroads in terms

of passenger trains, but let's look first at the freights which are the real arteries carrying the lifeblood of our business.

Everybody remembers when freight trains ran any old time. A merchant ordered his goods and waited. Nobody could tell him when they might arrive. Today freight trains run on regular schedules like passenger trains. I know of merchants in Jamestown, N. Y., for instance, who buy supplies in New York today. The packages are taken through the Holland Tunnels to the Erie Railroad terminals in Jersey City the same afternoon, and are delivered in the Jamestown freight house the next day, about the same time the buyer himself gets home. Every business man knows what that means.

It is not unusual for a Chicago merchant to place an order in New York on Wednesday and have the goods on retail display in Chicago by Monday. Railroads will take freight in New York up to four o'clock in the afternoon and have it in Buffalo the next morning. The Maine Bullet, a freight train, starts in Portland at 6 p.m. and steams into New York at eight o'clock next morning. Often the freight arrives ahead of the letters referring to it.

Is that progress, or isn't it? Many of us remember that during the war, with the railroads under Government operation, it often took a letter two days to go from Washington to Baltimore, and mail contractors actually went broke keeping mail trucks waiting for trains.

Freight is not only moved more rapidly but more carefully. The freight trains of 1932 moved 44 per cent faster than the freight trains of 1920; the transportation service performed in a single hour was 48 per cent greater. Freight damage claims decreased 58 per cent between 1920 to 1931, and the railroads actually paid out 80 per cent less money for freight damage claims in 1931 than they did in 1920. The claimant got his money more quickly, too. The record of 1931 showed 74 per cent decrease in loss and damage claims unsettled at the end of the year as compare with 1920.

Remember that a railroad has no money except what it collects from the travelling and shipping public for services rendered. The railroad manager is no Aladdin and he possesses no magic lamp. He has had to keep his head above water and keep the railroads running by cutting costs. I don't mean slaughtering expenses; I mean finding more ways to give more to the public for its money and at the same time getting more out of the dollar spent for operations. What is the record there?

Saving coal

IN the passenger service alone, railroad coal consumption in 1931 was 7,000,000 tons less than in 1920. That is a saving of more than \$15,000,000, made possible by efficiency, more intelligent use and scientific locomotive improvements. By the same measures and comparisons the railroads saved half a billion dollars in the coal bill for moving freight trains. Under the spur of progress, it took 30 per cent less coal to move a thousand tons of freight a mile in 1931 than it did in 1920. It took 23 per cent less fuel to move a passenger car a mile. One could recount almost indefinitely how the railroads

have increased efficiency. But the slots for the safety razor blades are to be found in the passenger cars; not in the freight cars. Let's look at the former. All over the United States, as you read these lines, hundreds of trains are moving toward junction points where, with comparatively few exceptions, they will meet on time. Cars with passengers in them are being shifted about and folks are going on to their destinations without even knowing they have changed from one railroad to another.

More comfort for travellers

DO you remember when railroad stations were filled with long rows of benches populated with people waiting for "connections"? You don't see that now. New passenger stations have less and less accommodations for "waiting." They simply aren't needed.

Until a few years ago, unless a traveller chose a luxurious train requiring an extra fare, he either climbed into a berth, or shared a stiff backed seat in a day coach and bathed in smoke, grime and cinders while he inhaled the regaling odors of banana skins and peanut shells. There is scarcely a through train in the United States today which does not have a lounge car with easy chairs, the latest magazines and newspapers. Some even have radio.

The New York Central and the Pennsylvania recently abolished extra fares on every train but one on each road. Moreover those two railroads placed cars for travellers not desiring Pullman accommodations on every train except their 18-hour flyers between New York and Chicago. On some railroads no extra fare is charged on the very best trains.

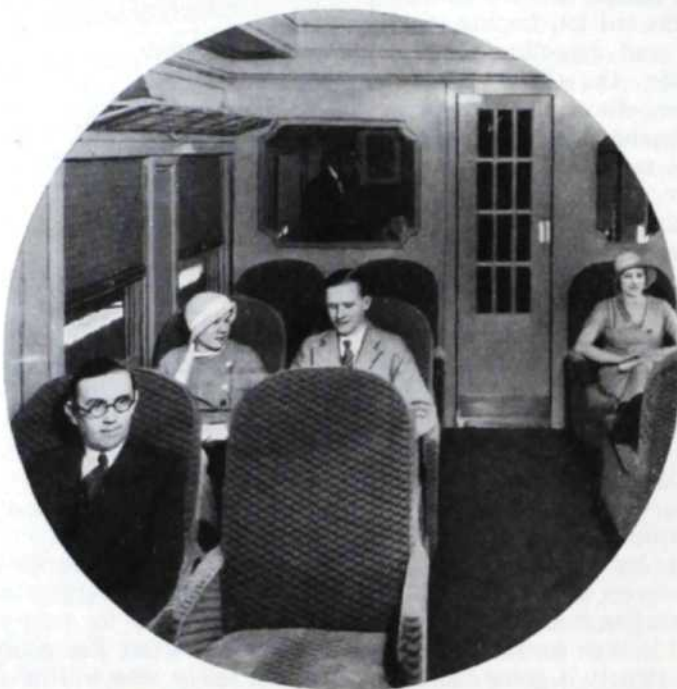
The George Washington of the Chesapeake and Ohio Lines, the newest of the air-conditioned long distance sleeping car trains, is an example. No extra fare is charged for all the extra comforts and conveniences imaginable. Once the most desirable of trains on most railroads were "All Pullman." An ordinary railroad ticket was good on almost everything but a passenger train. Not so today.

The real outstanding forward step in the improvement of passenger equipment started on the Erie Railroad in 1927 under the presidency of John J. Bernet. "Deluxe" coaches, with divided seats something on the order of the "bucket" seat popularized in buses had appeared earlier to be sure, but Bernet went further. He put on a lounge car for coach passengers—no Pullman ticket required. He carpeted his coaches from sill to sill instead of running a strip up the aisle. And he brushed up his help and taught them to say "Thank You."

The public liked a taste of that and when Bernet a little later became president

of the Chesapeake and Ohio, he laid before O. P. and M. J. Van Sweringen a far reaching plan, which they thoroughly approved, and on which they gave him a free hand.

An ordinary day coach which used to be arranged to seat from 72 to 88 passengers became a tastefully decorated and invitingly furnished room with individual chairs for 45



There are no smoke, cinders or banana skins in the new day coach

people. Everybody got an individual reading lamp and a table on which to write or play games. The women got a lounging room for themselves and the babies. There were velvet carpets, footstools, porcelain lavatory fixtures, all for the price of only the regular railroad ticket. Folks actually had to be taught that it was for them.

The newest development in passenger travel is air conditioning. I am not speaking of the temporary expedient of blowing some iced air into a car through a window for a little while before it starts its journey. I am speaking of the genuine air conditioning systems, adapted from, and really reduced sizes of the plants which are used to cool and condition the air in theatres, public buildings and homes.



Luxuriously furnished lounging rooms add comfort to a journey on C. & O.'s new "George Washington"



The newest development in passenger travel is air conditioning of cars

Installed on passenger trains, they condition the air in every car, all the time, all the way.

The earliest of these weighed half as much as the car itself and were so expensive as to be prohibitive. But progress had its way, and they are now light enough to be practical, and the public response to their use seems to promise that they will not be too expensive. Several railroads spent their own money in connection with the air conditioning industry to perfect this improvement. The Baltimore & Ohio notably did a great deal of pioneering and contributed much to the development. It was the first railroad to run a whole train fully air conditioned. That was a train of chair cars and coaches on the 225 mile run between New York and Washington.

Dining cars had been so equipped in some other railroads but never a whole train. A year later the Baltimore & Ohio extended air conditioning equipment to its Capitol Limited and its National Limited.

What has been acclaimed as 1932's prize exhibition of showmanship, salesmanship and progress in passenger travel was the Chesapeake and Ohio's creation of The George Washington, that railroad's long distance, air conditioned sleeping car train running from Washington to Cincinnati, Louisville, Indianapolis, Chicago and St. Louis. The Chesapeake and Ohio created it as its contribution to the Two Hundredth Anniversary of the birth of George Washington and set out to do things the railroad world had never dreamed of.

Pleasant cars to travel in

THE cars were named after persons, places and events associated with the life of Washington; historical pictures were hung on the walls; drawing rooms and compartments were named after Washington's contemporaries of the revolutionary era. Its furnishings were designed on the colonial order.

A passenger almost goes to sleep in a four-poster bed. Dining cars became "Taverns"; their floors were covered with Colonial rugs; walls were hung with original Currier & Ives prints of scenes in the life of Washington. And the charm of the colonial reproductions vies with modern radio and air conditioning.

Faster, cleaner, and more comfortable trains are the order of today on every railroad of any importance and there is notable improvement in the "convenience" element of their schedules.

Real progress is being made in substituting gasoline, Diesel, or gas-electric motive power where the expense of steam locomotive operation is not warranted by the traffic. The Chesapeake and Ohio has several such operations. In large terminal areas, electrification, of course, has abolished smoke and noise.

A lot of new things have been put on trains since Pullman put in the slot for the safety razor blades. But one has to ride on trains to know about them.

Developments in Distribution

DIRECT house-to-house selling is helping several stores to keep merchandise moving. Both regular and part-time store people are utilized, handling merchandise adapted to this type of selling and calling on their friends and others. One young haberdashery salesman, furloughed three days each week, used his idle time to "peddle" shirts, ties, socks, making sales on a commission basis.

A **CALIFORNIA** electric appliance dealer ordered a carload of washing machines, loaded two large trucks with them, started each truck out on a Monday morning with a crew of six men. The crews canvassed each house, did the Monday washings, sold the machines right off the trucks for small down payments. In 20 days 114 machines were sold.

RETAILERS' organizations in two Minnesota towns have cut members' overheads through cooperative delivery services. Pick up and delivery is made over regular routes, on strict time schedules. Two deliveries are made in the morning, two in the afternoon, and an evening delivery on eves of holidays. The delivery service assumes responsibility for C.O.D. orders.

A **NEW** high-hat delivery system is introduced by Dobbs, Fifth Avenue hatter, in the shape of "the dashing Dobbs coach," to which are hitched two dashing Dobbins.

AIR express is becoming increasingly important in distribution. Retailers who carry minimum stocks find that they can get overnight deliveries from manufacturers as far distant as 1,200 miles. Package express and air mail out of the wholesale and manufacturing districts of Chicago, New York and Philadelphia showed a 35 per cent increase in a 60-day period, United Air Lines reported recently. The clothing industry was a principal contributor.

THE Washington branch of a New York millinery house leans heavily on this aerial service. Patrons may select a model, have it delivered to them from New York some three hours later.

AERIAL transportation has also been enlisted by the Master Electric Company as a business aid. Prospects located by the sales force are flown to the factory in the Company's own plane. Inspection trips through the plant, lunch and a talk with President E. P. Larsh follow. Prospects are flown back to their home cities before dark. By bringing them to the plant the sales message is intensified, service facilities and

★ **BUSINESS** is rarely dull for the resourceful business man. In a thousand towns, in a thousand lines, he is at work devising new ways to attract customers, tearing at barriers to trade, sensing and filling new needs

manufacturing methods are effectively demonstrated. Costs aren't great.

A **STORE** in Dayton, another in Schenectady, transmit orders to employees and announcements to customers *via* loudspeaking systems. A Newark store throws running announcements of prices and styles on a prominently placed ticker screen.

A **DETROIT** department store filled a floor with slow sellers, floor samples, broken assortments, left-overs, soiled and damaged goods, put them on sale as "undesirables—undesirables for us to keep but desirable bargains for you." Came the crowds, and next day this bannered query in the store's ad, "Is Our Face Red?" followed by a confession to embarrassment that a sale of self-styled "undesirables" had succeeded so well.

TWO objectives in distribution are faster turnover, a shortened period between production and consumption. A New York restaurant chain performs the notable feat of achieving both ends by one means. It's serving three thick wheat cakes to an order instead of the former five thin ones.

A **PLEASANT** word for its products is put in at a pleasant moment by the B. F. Goodrich Company. Recipients of checks from the Company find the query, "Do you use Goodrich products?" outlined in red across the faces.

GOOD-WILL builders:

A Chattanooga store on rainy days lends umbrellas free to all who desire them. A small deposit insures their return.

A Vancouver store held open house for two hours one evening, had 48,000 visitors. Strictly a fun fest, nothing was sold, nor even priced. Orchestra, special events, demonstrations provided entertainment. Cost was \$155.

A North Dakota store held a "Quilt Fair," offering prizes for the best modern, most outstanding old, most original quilts, etc. Prize for the quilt made of the most pieces was awarded one containing 6,906. The display, scheduled for one week, had to be extended to three.

AN EASTERN utility company and sev-

eral leading department stores are trying a new cooperative plan in merchandising electrical appliances. The utility provides a skilled sales crew, under its own sales supervisor, which follows up leads furnished at all times.

A **BOSTON** store has inaugurated a complete bridal service through which every wedding requirement, from invitations to wardrobe, may be had. Advice on decorations, music, travel plans, etc., is also provided, through a woman especially retained. Her residence has been fitted as a model for newlyweds and both her home and services are open to the store's customers.

A **PHILADELPHIA** clothing store offers to turn out a well-dressed man for \$50—starting from scratch. The outfit is neat, complete, includes underwear, garters, socks, shoes, shirt, necktie, three-piece suit, belt or suspenders, hat, pipe and cane.

"SO YOU'RE expecting a 'Blessed Event'!" a San Francisco shop captioned its layette advertising, "Dear dear, how nice! But you're not taking us unaware . . . not by a long sight, because we've been expecting something of the sort all the time!" Selling copy follows.

A **MONTH**-long "two-cent sale" on blanket laundering was staged by a New Jersey laundry recently. One double wool covering was done for \$1.00; two for \$1.02. One single cotton was laundered for 30 cents; two for 32.

A **NEW MEXICO** ice company is going into the frozen food business experimentally. On its own wagon routes and through a number of retail stores it is selling frozen oysters, fish, shrimp and frozen orange, tomato, cantaloupe and grape juices.

MEAT markets should get a slice of the Christmas shopping, too, think certain members of the meat trade. In order to encourage the giving of hams and bacon as holiday gifts, parchment wrappings printed in holiday designs and colors have been developed.

—PAUL H. HAYWARD

No Business Can Escape Change

★ **IT IS good business to keep abreast of new products and new processes. Repeatedly we have seen old machines and old processes supplanted, whole industries changed by new developments. Changes come even more swiftly today, and must be reckoned with continuously**

GLASS building brick, plain or colored, have now reached a practical stage. Used in industrial and other buildings they permit infiltration of light, offer unusual effects. . . .

CONCRETE construction is aided by a new pump which delivers concrete to the forms through a pipe line. It will pump concrete 500 feet horizontally, 72 feet vertically. . . .

AN AIR-OPERATED hand tool has been developed for grinding, smoothing concrete walls. It's said to reduce costs. . . .

A NEW machine for cleaning slag from open-hearth furnace brick, mortar from building brick, does its work by tapping the brick (400,000 times a minute) rather than grinding. . . .

A NEW cream offers protection to workers' hands. Rubbed in, it forms a film which is said to be impenetrable by paint, oil, grease, dirt, even battery acid. It is easily removed by water. . . .

NAILS are given increased holding power in wood by a new chemical process. The treatment produces a microscopic pitting or etching in their surfaces. . . .

A NEW fitting for copper tubing ends guesswork in soldering. It bears a color band which turns black when the proper temperature for correct soldering reaction is reached. . . .

A NEW easily cleaned, midget showerhead—2.5 inches in diameter—is said to throw as wide a stream as the conventional head, yet to use only half as much water. . . .

A DRESSING table with electrical outlets, a plate-glass mirror, and a lavatory of unique design are combined in a new furniture unit for bedrooms, dressing rooms, etc. . . .

OVERFLOWS are prevented in a new flush-valve toilet which automatically halts water flow when clogged. Another new fixture combines closet and tank in one piece of china. . . .

VENTILATION is improved, outside noises are muffled, dirt, drafts, rain and snow are excluded by a new detachable, non-mechanical appliance for double-hung windows. . . .

TRAWLERS and other small craft at sea can now call or be called on any telephone ashore. Lower-priced equipment, requiring no technically trained operator, makes it possible. . . .

REVERSING squirrel cage motors now on the market are

said to make as many as 60 reversals per minute continuously without overheating. . . .

A NEW electric sharpener for double-edge razor blades has a motor which starts when lid is closed, stops when blade is sharp. It is not yet on general market. . . .

MOVING parts, electric contacts, radio interference are eliminated in a new type of control for sign lighting, etc. It permits time delays of from one-tenth to five seconds. . . .

A NEW synthetic transformer oil compares with mineral oil as an insulating and cooling medium, is nonexplosive and non-inflammable. Apparatus must be designed especially for it. . . .

THE salesman's load is lightened by a new pocket projector which permits visual presentations of the sales story through film-slides. It weighs only 20 ounces. . . .

THE handle of a new car-washing brush attaches to the garden hose. Its center ring of bristles is revolved by the flow of water; an outer ring aids cleaning, prevents splashing. . . .

SUPER-BALLOON tires have been developed which make farm tractors all-purpose machines. The tires are said not to injure ground surfaces, to increase operating speeds and draw-bar pull. . . .

A NEW waterproof carrying case for a quart flask is equipped with a slide fastener, can also be used for carrying golf balls (two doz.), bathing suit, lunch, etc. . . .

SHIPPING weights and costs are reduced by a new heavy paper shipping bag. A special table equipped with adjustable forms has been developed to facilitate packing the bags. . . .

A NEW paper for wrapping green hams and bellies for cold storage is said to prevent freezer burns, is moisture-proof, air-proof, insoluble in water. . . .

A NEW gasketing material for oil, water or gasoline joints combines granulated cork with tough paper fiber. It is said to be strong, resilient, noncracking, easily cut. . . .

A NEW gum compound for permanently sealing manufactured, natural or liquefied gas joints is on the market. It is said never to shrink, dry, crack or leak. . . .

A WEIGHING device has been perfected for measuring changes in physical properties of materials. It shows increases or decreases in elasticity, specific gravity, and moisture, also the percentage of volatiles which can be driven out. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this and the preceding page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on any of these items can be had by writing us.

Canada Likes the Sales Tax

By FLOYD S. CHALMERS

Editor, the Financial Post, Toronto, Canada

CARTOONS BY CHARLES DUNN

TODAY the United States looks across to Canada to observe how the sales tax works. But Canada adopted the tax largely because of the publicity it was given by Americans. Not that the sales tax is an American, or even a modern, idea. Sir William Petty suggested it in 1667 and the discussion has been almost continuous ever since. The arguments haven't changed much in 265 years.

After the Great War, business men in the United States sought relief from excess profits taxation. They sensed the need of offering a substitute and the sales tax was suggested. The business press broke out in a rash of sales tax articles. Men like Meyer D. Rothschild and Jules Bache published pamphlets and letters. The enthusiasm overflowed into Canada. Sir Edmund Walker, leading banker, campaigned for the tax. In the meantime Uncle Sam's revenue problems solved themselves, so the United States rejected the tax; Canada took it up.

Canada has had a sales tax since 1920. It was the first country to adopt a general sales tax, payable by the primary manufacturer, payable only once in each series of transactions and ultimately charged to the consumer.

The sales tax has many friends in the Canadian business community. This became apparent in the spring of 1931 when the Prime Minister, Mr. Bennett, was reported to be considering a turnover tax. His mail began to bulge with letters of protest from manufacturers, wholesalers, retailers. They wanted no turnover tax, they wanted no increase in personal or corporation income tax. If higher revenues were essential they preferred an increase in the sales tax.

One large Toronto importer and wholesaler expressed this opinion:

It cannot be too strongly affirmed that, as a means of raising additional revenue, the sales tax is the way out rather than a turnover tax. The matter has been under discussion by various boards and associations and the conclusion reached, in every instance, is in favor of the sales tax.



Both parties may be regarded as having accepted the sales tax in the Dominion

CANADA has had 12 years experience with the sales tax. Recently when a move to substitute another levy was rumored, business men rose as champions of the sales tax. The reasons for this and what Canada has learned about this levy are told here

This view was undoubtedly very widely held. A leading Canadian business paper said at about the same time:

The income tax has been proven to be a definite brake on business expansion and should not be increased. Eventually we shall have to resume the process of steadily reducing it out of existence. The sales tax, on the other hand, has worked well in Canada. It is popular with business men as a whole and it is not unpopular with the general consuming public.

The Government dropped the idea of a turnover tax, raised the one per cent sales tax to four per cent; raised

it again in 1932 to six per cent. There has been plenty of public protest against high taxation in Canada; little specific protest against a six per cent sales tax.

In the immediate post-war years, when the sales tax and the turnover tax were discussed as possible ways of raising money to pay for the War, business men and writers made little distinction between the two. Today the distinction is recognized.

Sales tax is passed on

THE sales tax, reduced to its simplest form, is a tax collected by manufacturer or importer and absorbed or concealed in the final purchase price paid by the consumer. The turnover tax is a tax paid by each seller in the chain of distribution. The sales tax is passed on. The turnover tax can less easily be passed on.

The sales tax is paid only once on any article. The turnover tax would be paid many times and would be a great help to the factory-to-consumer or chain store merchandisers and a burden on the manufacturer-to-jobber-to-corner-store merchandisers.

The sales tax brings the Government in contact with a minimum of business firms. The turnover tax would tremendously increase the tax collecting problem.

Germany imposed a turnover tax in 1918. France followed in 1920. Canada originated the general sales tax in 1920 and was followed by Belgium in 1921. That was how sales taxes and turnover taxes started. Other countries had previously taxed specific articles.

The sales tax has grown from an experimental tax to a probably permanent feature of Canadian federal taxation.

It was initially a one per cent tax paid by manufacturers and wholesalers, and by retailers and consumers on their imports.



Then someone discovered that this plan gave an advantage to the manufacturer who sold direct. Wholesalers protested. Within a month the tax was changed.

Collections made easier

UNDER the new arrangement sales direct from manufacturer to retailer paid a two per cent tax. When the manufacturer sold to a wholesaler who, in turn, sold to a retailer, two collections were made. The sale from manufacturer to wholesaler was taxed one per cent. The sale from wholesaler to retailer was also taxed one per cent.

A Conservative Government imposed the tax. It was shortly replaced in office by a Liberal Government which not only continued the tax but expanded it. Thus both parties may be regarded as having accepted the sales tax in Canada.

Endless confusion existed in business during the first few years the tax was in effect. This was largely overcome by the device of charging the tax only once, having it collected by the manufacturer or importer and passed on to his own customer. This reduced the number of unofficial collectors, simplified the business and governmental machinery and, incidentally, insured the concealment of the tax in the final retail selling price of the goods.

In time, smooth working collection machinery was set up that has been reported by United States Government investigators as the model that should be adopted by the United States if it decides to impose the tax.

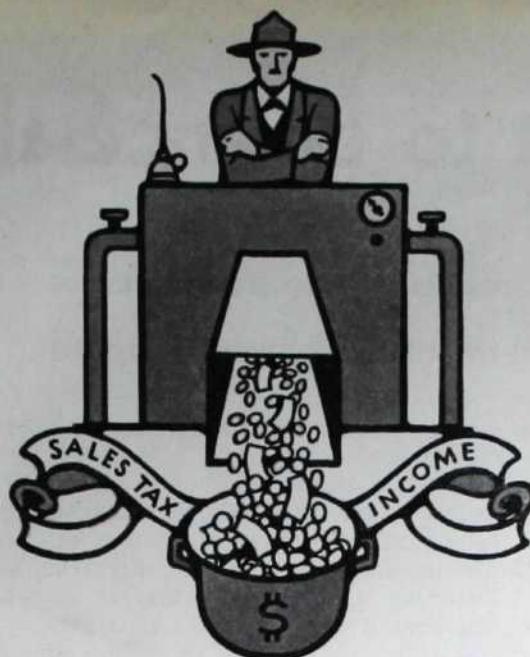
The tax reached a peak of six per cent in 1924. From then on it was reduced one per cent a year until it was only one per cent in 1930. Then came the depression and the tax went up in 1931 to three per cent, and, early in 1932, to six per cent.

Certain classes of merchandise pay only half of the tax and a few lines, mostly foodstuffs, are entirely exempt.

What has the tax brought in? Here is the record:

Year ended March 31	Sales Tax Revenue	Base rate
1921	38 million	2%*
1922	62 "	3%*
1923	91 "	4½%*
1924	101 "	6%
1925	67 "	5%
1926	74 "	5%
1927	82 "	5%
1928	72 "	4%
1929	64 "	3%
1930	45 "	2%
1931	21 "	1%
1932	41 "	4%
1933		6%

*Total of two taxes charged to manufacturer and wholesaler. From 1924 charged once only.



Canada's collection machinery has been suggested as a model for the United States

It will be observed that, generally speaking, the revenue from the tax rises and falls in close agreement with the rate of the tax. But a three per cent tax in 1928-1929 produced \$64,000,000 which is more than the estimated return from the six per cent tax this year. Like all other taxes, the sales tax cannot produce more revenue than trade will permit. It is anything but a depression-proof tax.

A tax imposed on an exactly similar basis would probably return about 12 times as much revenue in the United States.

How is the tax administered in Canada and what system is used to assure that the same goods shall not be taxed twice?

We have seen that the tax is primarily a manufacturers' and importers' tax but that the manufacturers and importers are merely branch offices of the Federal Treasury, collecting the tax from their own customers.

Tax is shown on invoice

THE tax is usually imposed when the goods are finally sold to the retailer. It is six per cent on the invoice price after all other charges have been computed including any customs or excise taxes that may be payable.

The manufacturer, importer or wholesaler shows it on his invoice. Each month he files a return to the Government showing his total taxable sales and the amount of tax he has charged. He encloses his certified check for the amount.

In the case of imported goods, the tax is collected along with the customs duties and is calculated on the duty-paid value of the goods when they are billed

out of the customs warehouse.

A system of licensing prevents pyramiding or duplication of the tax. All those who collect the tax when they sell goods take out sales tax licenses. When one licensed taxpayer sells to another licensed taxpayer no tax is charged. Thus it is possible for a manufacturer to buy raw materials or partly finished goods from a licensed manufacturer and to be charged no tax on them. But when the last licensed taxpayer sells to an unlicensed purchaser, who will in most cases be the retail merchant, the tax is then imposed. Thus there is never more than one imposition of the tax on any chain of sales of the same article or its constituent parts.

Naturally there is room for many differences of opinion between the Government and different classes of producers in the collection of the tax. But most of the possible sources of friction have been removed by the development of an intricate and all embracing series of regulations which are familiar to excise officials and business men alike. Further to insure sympathetic understanding between business men and tax collectors, the Government recently appointed as Commissioner of Excise, Hugh D. Scully, a former secretary of the potent Canadian Manufacturers Association, who has also had some years of experience in industrial selling and in investment banking.

Who pays the tax? Obviously, in most cases, it is paid by the ultimate consumer. It is collected by one person, charged to another and finally passed on to a third. By the time the ultimate consumer pays it has grown somewhat.

(Continued on page 48)



Canada believes her present plan the least of a number of evils

Our Effort to Balance the Budget



A STUDY of the actual results of the new taxes as compared to anticipations at the time they were adopted

AWARE that the government is living beyond its income, but not sure by just how much, Congress will have to decide in the course of the short session whether to change existing tax laws or let them alone.

Newspapers in early June made much of the measures voted by Congress to balance the budget, exclusive of principal payments on the national debt, for the 1933 fiscal year beginning July 1, 1932. These measures provided \$1,118,000,000 of new and additional taxes and increased postal rates, and established between \$150,000,000 and \$250,000,000—the amount never was indicated clearly—of economies other than those already effected in the regular appropriation bills.

This legislation received more than ordinary notice because the country was nervous about the Government's finances. The country's sigh of relief was almost audible.

Although the hope in midsummer was that the 1933 budget had been balanced, Congress will be plagued in December with the evidence that this hope, at least to date, has not been realized.

What has happened is clear enough. When the first quarter ended September 30, the deficit was \$403,000,000. By the end of October, it was \$630,000,000.

The chief difficulty seems to be that additional revenues are falling short of the \$1,118,000,000 estimate. Expenditures have not departed materially from the original plans.

As was anticipated when the new taxes were voted, there was a lag in collections. The piling up of stocks of tax-free merchandise cut deeply into the yield of the new sales taxes during July and August. Collections from these sources, however, picked up reassuringly in September. None of the \$300,000,000 which the additional income taxes were scheduled to produce becomes available until after 1932 income tax returns are filed next March 15. Since a year is allowed for the payment of estate taxes, little or no new revenue from this source is likely before next summer. One of the sharpest disappointments has been the failure of increased postal rates to yield more.

Estimated to produce an additional \$160,000,000 over the year, they yielded

in four months little more than \$25,000,000.

That is substantially the picture which Congress will face. It will have before it another month or two of experience under the new excise taxes. On December 15 it will learn whether the Government will receive the \$265,000,000 relied upon from payments by foreign debtors. These payments will be a large factor in determining the year-end deficit.

Smaller deficit this year

WHAT the deficit will be for the whole year is uncertain. Simple mathematics suggests that a deficit of \$630,000,000 at the end of October will have grown to more than \$1,800,000,000 by next June 30. Few people, however, consider the simple mathematics reliable, but anyone is entitled to his guess about the factors which would alter that result.

For one thing, the four-months' expenditures included a full year's provision, \$100,000,000, for the adjusted service certificate fund. That distorted the whole year's picture by from \$50,000,000 to \$75,000,000. The rapidly increasing yield from the excise taxes also may be expected to cut substantially into the impending deficit. Another possibility is that some of the additional \$300,000,000 from the income tax will be realized March 15. As the evidence piles up, however, that taxable incomes of 1932 are much smaller than those of 1931, the improvement hoped for from this source seems unlikely. There will come into play here that streak of human cussedness which makes people overpay taxes under low rates but claim every dime of lawful exemption when the rates are high or when the notion is abroad that taxes are too heavy anyhow.

Rounding up these factors, the expectation seems to be for a year's deficit on current operations—exclusive of payments on debt principal—far less than the \$2,800,000,000 rolled up last year, and perhaps not a great deal more than the \$900,000,000 of two years ago. Relatively, that may be encouraging, but a deficit hovering near the billion dollar-mark scarcely can be waved aside. All these calculations rest on the hazardous assumption that no large additional emergency expenditures will be voted.

Several threats on this score will have to be met. The first is the deficiency bill. Some of the departments and bureaus which were cut sharply last spring have not yet made the adjustments required. They have been banking on their ability to get deficiency appropriations. That will be the first—and one of the most high-pressure—assaults that a "lame duck" Congress will have to withstand.

It may be worth while to note here an opinion concerning the backbone of this "lame duck" Congress which is gaining some acceptance in Washington. Usually it is assumed that such a Congress will appropriate money right and left. Why should it? For the most part, members retired in this year's elections will have no patronage fences to maintain.

Many of them, weary of the pulling and hauling which they had to endure when they were aspirants for office, now may indulge themselves in the luxury of acting on their conviction of what the public interest requires. That is worth considering.

Expenditures which may be voted for the next fiscal year are still on the laps of the gods. Strong conflicting forces are at work here.

Next year's budget is smaller

THE 1934 budget to be submitted by President Hoover—the basis of all expenditure calculations for that year—no doubt will be sharply less than the \$4,000,000,000 budget for 1933. During the campaign, he announced a reduction program amounting to \$500,000,000, perhaps to \$800,000,000 if certain reorganization projects can be materialized. In view of economy pledges by both parties, it is doubtful whether any determined party effort would be made to undermine such plans.

But the trimming of any such amount—let alone the \$1,000,000,000 contemplated by the Democratic pledge of a 25 per cent cut—would raise a howl unequalled in recent years. Federal employees, former soldiers, farmers, labor groups, and other potent "minorities" are organizing to forestall sizable cuts. On the other side, business and citizens' organizations are driving vigorously for smaller appropriations. If economy legislation becomes a strong possibility, the battle among these contending forces should produce a dandy show.

(Continued on page 61)



A NEW RECORD IN FLEET SALES

for America's Largest Selling Automobile

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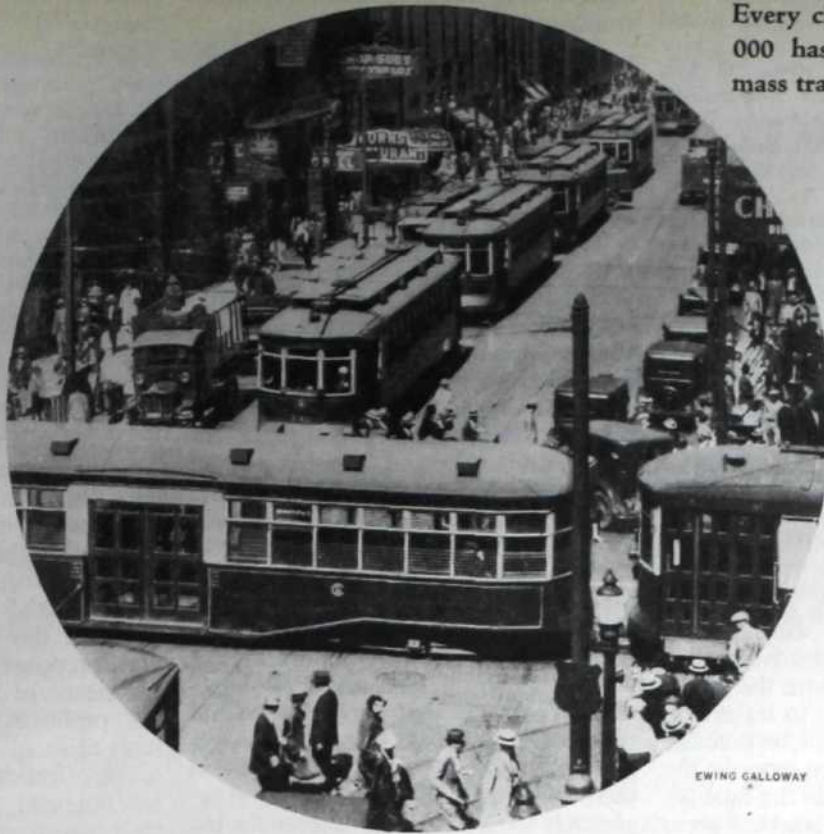
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Every city of more than 100,000 has some form of local mass transportation



Prescribing for the Street Car

By RAYMOND WILLOUGHBY

Of the Staff of NATION'S BUSINESS

NOT so long ago there was something of derision in the public regard of the man who ran after a street car. "Another will come along," said the wiseacres who mocked his pursuit. But nowadays the sequel is not so certain.

Slowly the public is learning that city passenger services can and do give up the ghost. For the most part, urban dwellers have expected the transportation agencies to be adequate to the rapid movement of masses of people who were bent on getting to the same place at the same time.

What happened to the equipment in the off hours was nobody's business. No matter how hard the street cars' job to fetch and carry on dwindling revenues, they have been regarded as a civic tradition. Held to rigid and antiquated fare requirements regardless of changes in operating costs, the street railways have had to face the rising competition of buses, private motor cars and organized taxi services, and a sort

RECOGNIZING that adequate mass transportation is a necessity in every city, the U. S. Chamber of Commerce membership has expressed its judgment as to what is needed to coordinate transportation agencies into a workable and profitable unit

of guerrilla warfare waged by unregulated vehicles of uncertain safety and liability.

So serious has become the financial predicament of many of the street railways that the Chamber of Commerce of the United States decided to investigate the situation with a view to discovering whatever remedial measures could be defined. Accordingly, as a first step, the board of directors authorized the appointment of a committee to study city passenger transportation and make recommendations toward improvement. The report of this com-

mittee, received last spring, was submitted by the board of directors to the twentieth annual meeting of the Chamber, held at San Francisco in May. That meeting decided that the board should submit the report to the membership for a referendum vote.

Of the 11 recommendations made by the committee and put to vote, ten were overwhelmingly affirmed. Only one failed to win the necessary two-thirds of the ballots cast.

The recommendations approved were:

That a program for efficient and coordinated city passenger traffic is vital to stability and orderly development of urban communities.

That investments in existing facilities should be utilized to the fullest extent compatible with the inherent advantages of each form of service.

That the solvency of all forms of local transportation requires cooperation of business leaders, public officials, and transportation managements for fostering responsible private operation under proper regulation.

That public regulation should encourage

efficiency of transportation agencies, provide proper coordination among them, and prevent unfair competition.

That public regulation of street railways, buses and taxicabs in each metropolitan area should be centralized in a single body.

That development of differential rates for off-peak and short-haul services should be encouraged.

That taxicab rates, in communities where there is extensive demand for taxicab services, should be designated by regulatory authority upon the basis of costs and reasonable profits, charges to be determined by the taximeter.

That franchises should be of the indeterminate type and be flexible in their terms, subject to regulatory authority.

That there is urgent need for relief from oppressive special taxes, paving requirements, and other unfair burdens.

That traffic regulations should give agencies of mass transportation fair opportunity to function efficiently in accordance with their capacity for service.

Recommendation ten which failed to gain the necessary two-thirds vote, 975 to 775, proposed that, where the public interest requires additions to transit facilities, and the cost cannot be financed on the basis of prospective receipts, the public should participate in the expense, with assessment against property owners for any special benefits. The Chamber remains uncommitted either for or against this proposal.

Many use mass transportation

WHAT mass transportation signifies in the daily life of the American city is immediately apparent from the statistical background of the committee's consideration. Despite the increased use of private automobile and taxicab, mass transportation agencies as a whole are carrying substantially as many passengers as ten years ago, although in many communities losses of traffic are conspicuous.

In 1930 street railways and affiliated bus lines carried more than 14,000,000,000 passengers. This traffic was handled by 580 companies with a capital investment in their city passenger transportation business amounting to \$3,350,000,000.

Although these companies are performing a vital public service, the committee declared, the public has, to a serious extent, lost confidence in their securities, and the companies therefore have suffered from a lack of credit. This situation, it is pointed out, has made it impossible to extend and improve facilities as needed; and also has made it extremely difficult and, in many instances, impossible to finance maturing obligations.

How dependent are daily workers and shoppers on mass transportation is disclosed by the fact that, of 275 cities with more than 25,000 population in 1930, only 29 are getting along without some type of local mass transportation. Every one of the 93 cities with more

than 100,000 inhabitants has local mass transportation.

A statistical commentary on the committee's admonition that "investments in existing facilities should be determined by the inherent advantages of each form of service" is provided in a report on traffic conditions in six large cities.

Taking the number of shoppers as a test, one of the investigations revealed that 68.6 per cent of the shoppers riding downtown to the stores in Philadelphia were carried by street cars, buses, or rapid transit. Automobiles carried 17.3 per cent. Pedestrians constituted 14.1 per cent. Similar situations were found in Boston, Pittsburgh, San Francisco, Washington and Kansas City, the per cent of shoppers moved by mass transportation ranging from 78.8 per cent in Pittsburgh to 60.2 per cent in San Francisco.

Dismal as the committee's revelations may seem in their implications of difficult financial burdens, it is hopefully in evidence that business men and public officials have begun to take a more active notice of the situations in their own communities. It is no exaggeration to say that the interest in the companies' economic problems is intensified by the fact that they are among the largest employers of labor in their respective communities.

Illustrative of the progress already made in the direction of the committee's proposals is the action just taken in Baltimore. A statement by the Mayor accompanying the vote of the Baltimore Association of Commerce refers to "the recent action of the Mayor and City Council gradually reducing the franchise tax on gross receipts of the United Railways from nine per cent to three per cent, and deferring until earned all gross receipts taxes in excess of two per cent."

Alluding to the referendum recommendation declaring "there is urgent need for relief from oppressive special taxes, paving requirements, and other unfair burdens," the Mayor said, "Your committee will be interested to learn, and so, I feel sure, will the United States Chamber of Commerce, that Baltimore has recently recognized the soundness of this principle, insofar as it applies to special taxes such as the franchise tax, used in Baltimore for park purposes."

He adds, "The ordinance just passed in Baltimore by the Mayor and City Council goes farther than an adjustment of a detail of burdensome taxation. It puts this city in the position of being first to take action since the report of the special committee of the United States Chamber of Commerce, and it provides for recognition along several lines of the inherent partnership that exists between a city and its public transportation."

On the issue of regulation to assure

efficiency and prevent unfair competition, the *Washington Star* said:

In Washington, with revenue passengers steadily decreasing and operating deficits increasing, the situation is further complicated by the absurd mandate by the American Congress forbidding the local Public Utilities Commission from spending money to enforce its taxicab meter order—that order being, at most, a weak attempt to find a way out of the chaos of unregulated competition. There is the additional complication that a busy Congress has shown no inclination to take the time necessary to sanction the one tangible proposal for improving service and aiding the sick corporations, that proposal being the bewhiskered merger resolution.

So impressed is the business community of Washington with the importance to the city's welfare of a proper solution of the transportation problem that the Washington Chamber of Commerce is undertaking a thoroughgoing study of the local situation along the lines proposed in the referendum. It is significant of a widespread interest in the problems of local transportation that cities of all sizes throughout the country indicated a lively concern for the financial and operating health of their street car companies, the proper development of bus services and a sound solution of the difficulties resulting from unregulated and irresponsible taxicab operations.

That the transportation companies are alive to the seriousness of their own situation is indicated by the *Star* in saying that,

The single bright spot on the horizon is the evident determination of the street car companies to adjust themselves, by research and experiment with new type equipment, to modern conditions of dense traffic—which will cost money—and their attempts to force attention, and resultant cooperation from the public, toward solution of a problem of real and immediate concern to the community.

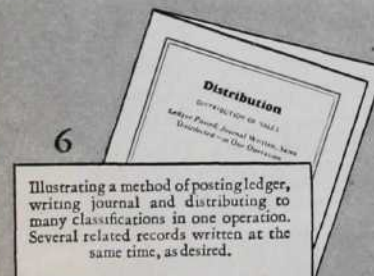
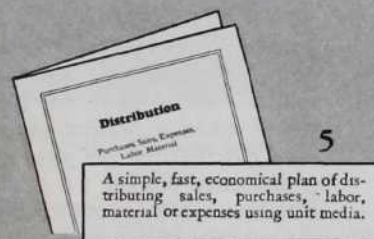
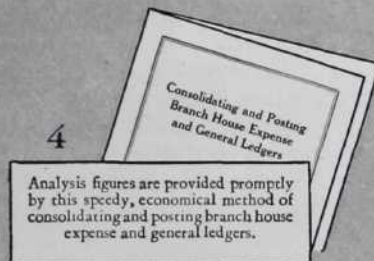
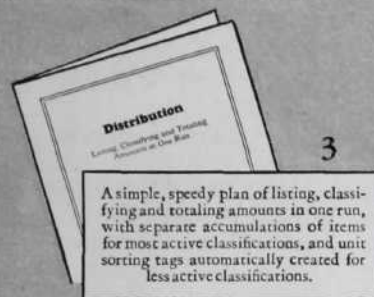
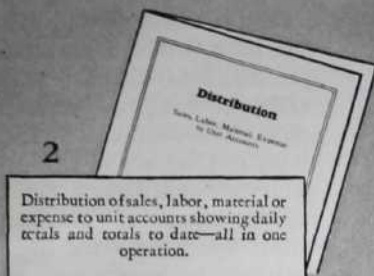
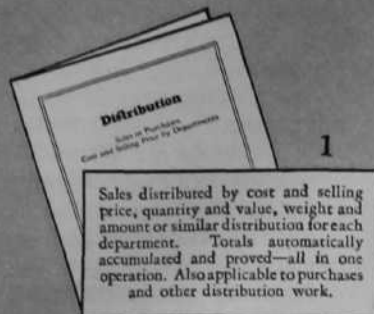
Experiment to help service

IN THIS connection it is pertinent to mention that the industry, through the American Transit Association, a significant new name recently adopted by the former American Electric Railway Association, has provided \$500,000 for experiment with various designs of cars looking to speedier and more efficient service with greater comfort and much less noise.

A timely definition of the issue now facing local communities is provided by *Aera*, journal of the American Transit Association, which says that "the vote of the Chamber membership, conclusive as it is, is far from being the final phase in this question. There remains the more important task of translating the Chamber's resolution into action. This is a problem for local management. The Association and the

(Continued on page 63)

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People May Live in Steel Houses

SINCE man abandoned nomadic existence, he has relied almost entirely on stone, clay or wood to supply one of his primary needs, shelter. These materials and their derivatives have supplied his four walls as far back as history records. They may, in all likelihood, look forward to an extensive period of similar service in the future.

Unless present signs fail, however, these materials—and the industries and men which supply them—may reasonably expect another material to invade the field they have so long dominated. This material is steel.

Various metals, of course, have long played important rôles in housing construction. Copper and tin for years have had their part in keeping roofs over our heads; cast iron has its rôle in our heating equipment; steel already is frequently used in joists, sash, and lathing. New metals and new uses for old ones are constantly crossing the world's thresholds.

But steel men are visioning their product in none of these minor rôles. They are projecting—and actually building—the all-steel house. Steel frames, steel walls, steel floors, steel roofs—these have already been translated from paper into realities in several instances. Small, all-steel cottages are actually available at below \$1,000, the \$5,000 all-steel house is promised and several steel homes in higher price ranges have been completed.

Assembled houses

PRODUCTION and erection of such houses on a mass scale seems still very much in the future, however. Ambitious projects for supplying the factory-built house in quantities exist, but none has approached a mass production stage. Even if, and when, this stage is



Porcelain-enameled shingles are used on the walls and roofs of this new steel residence

By

**PAUL H.
HAYWARD**

Of the Staff of NATION'S BUSINESS



An occasional bath with the garden hose keeps the exterior clean and new-looking

reached we will hardly be treated to the spectacle of complete rooms or walls pouring off assembly lines. Present manufacturing trends and research work point rather to the production of standard units which can be assembled easily and quickly into floors, ceilings, walls and roof. Steel men look upon these standard structural units, in the form of either single members or panels and having a range of dimensions which will permit the average architect to incorporate them into any house design, as the most likely and practical form of development in this field.

Fertile market

THE possibilities for the steel industry which lie in all-steel houses, and the merits of the metal itself in such applications, argue that large-scale production eventually may be attained.

Surveys indicate a present market in this country for the equivalent of 250,000 six-room houses each year. Further, they indicate a potential market, in the near future, for 300,000 such homes each year. Leaders in the steel industry see here a vast, fertile field for their product. Steel framing of these homes, figuring one and one-fourth tons to a room, alone would mean a present market for 1,875,000 tons of steel and a potential market for 2,250,000 tons.

Covering these steel frames with steel, figuring three-fourths of a ton of steel for each room and including all surfaces save floors, would mean a present outlet for 1,125,000 tons of steel and a future outlet for 1,350,000 tons. Thus the rosy picture of a new market for from 3,000,000 to 3,600,000 tons of steel a year rises before the steel industry's enchanted eyes. Small wonder the picture interests the industry. The two million-odd tons represented

by steel framing alone would amount to some two-thirds of the normal fabricated structural steel production in this country.

Viewing the steel-framed and all-steel dwelling from the standpoint of the purchaser, steel men point to several inherent advantages in the metal. It is, they say, noncombustible, shrink-proof, sanitary and rigid. Further, under some systems of construction, such dwellings can be erected much more rapidly than with traditional materials. Also, greater room areas and heights are permitted through savings in the thickness of wall and floor construction.

Obstacles which stand in the way of popular acceptance are being overcome, one by one. Technical difficulties—and there are not a few of them—are being ironed out. Insulation, an important consideration in all-steel construction, is now available in several forms. Developments in both field and shop welding are offering aid in the factory fabrication of parts and their final assembly on the building site. New forms and shapes especially adapted to the peculiar

requirements of domestic dwellings are being currently devised.

Progress is being made in design, both of the conservative and more radical type. Two schools have arisen in the field, the Conventional and the International or Functionalist.

Designers of the first school make their structures conform with familiar styles so far as outward appearance goes. Some cling to the older types of material to cloak their steel frames, others use steel or other newer type materials for the exterior coverings.

Using modernized designs

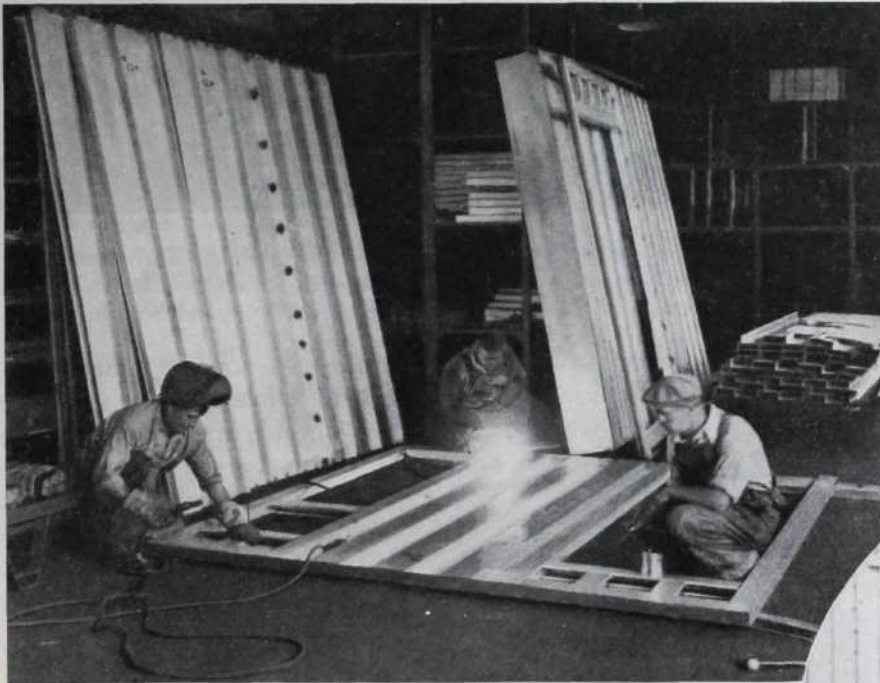
THE International School derived the name from the fact that its particular style of design appeared simultaneously in a number of countries and hence has world-wide distribution. These Internationalists, or Functionalists, to use the more descriptive term, depart from the old forms, both in appearance and construction. Columns, set back from the walls, support the floors of their dwellings. Cantilevered beyond the columns,

these floors support the walls. Since the walls bear none of the weight of upper floors and roof, there is no limit on the window space which may be allowed.

Flat roofs prevail in the Functionalists' designs, and are used as an extra floor—a site for playground, conservatory, or sun parlor. Why continue to cover dwellings with the waste space represented by the familiar pitched roofs, they ask, when modern methods of steel construction and waterproofing make such roofs no longer necessary to carry the weight of accumulated snow and to guard against leaks?

The more radical exponents of the Functionalist School have based their designs on strictly utilitarian principles, designs which have blossomed forth on paper in a variety of structures in which cube is laid alongside or piled on top of cube, in which windows are set into corners, and sharp edges and flat sides predominate. These designs are apparently set down on paper with one motivating idea—to produce a structure of machine-like efficiency. The weakness seems to be that in doing this the designers have also produced a structure of machine-like appearance. To make such a house a home, to use Eddie Guest's phrase, would take more living than the present generation, at least, seems willing to give it.

Designers of both schools, of course, must work with an eye to existing or potential standardization in their medium—which brings up the danger of standardization and monotony in appearance. Although we are perfectly willing to drive an automobile the exact duplicate of which may be seen ahead and behind us on the highways, we have

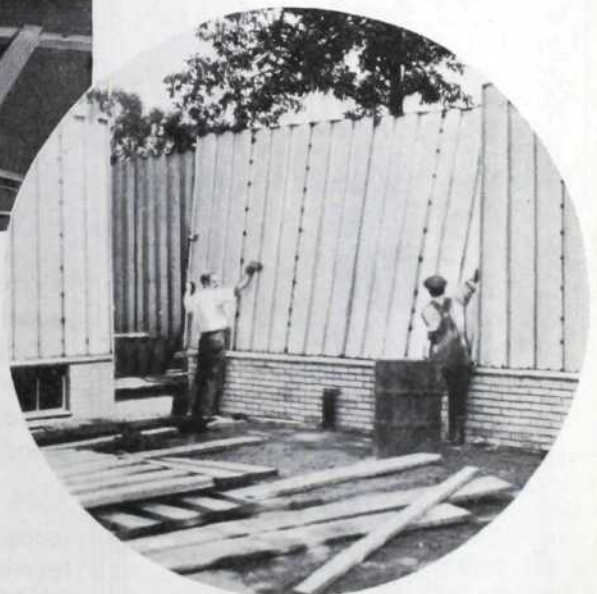


PHOTOS COURTESY THE AMERICAN ROLLING MILL CO., MIDDLETOWN, O.

Wall sections were assembled and welded at the factory



The recent opening of the first frameless steel house drew a crowd of visitors



The lower wall sections were set up and welded to the foundation cap and floor

How Business is Affording Employees the Comfort of Security

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The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



"Your company has decided to adopt a plan by which, if it meets with approval, all the men and women in your departments will receive fixed incomes for life at retirement age. I will explain the plan."

FEW men or women accumulate property enough so that income may go on when earnings fail because of old age.

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Employees, ranging from president to office boy, are joining their employers in building up for themselves retirement incomes through Retirement Plans administered and safeguarded by Life Insurance Companies.

Employers are finding out that scientific Retirement Plans make for good will, open the paths of promotion and increase efficiency in their business.

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METROPOLITAN LIFE INSURANCE COMPANY

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always tried to impart individuality into our dwelling places. Perhaps this is because the "we," so far as the home is concerned, means largely our wives—whose antipathy toward duplication is by no means confined to hats and gowns.

Variety is obtainable

BUT this is a danger that can readily be avoided. A variety of architectural styles already have been evolved in steel-framed houses, and the all-steel houses seem quite as susceptible to diversification of appearance. Neither is the all-steel house necessarily unconventional in appearance, despite the vast publicity which has been accorded the more radical designs. Actual construction, in fact, has been confined largely to houses of conservative pattern. The reason of course is our human reluctance to accept any too-radical innovation in appearance, a trait which—to revert to the automotive field again—motor car makers have wisely recognized in their slow and cautious advance toward the ultimate goal of perfectly stream-lined automobiles. Perhaps we can also be educated to accept the more radical Functionalist designs in our residences, but the process promises to be a long one.

A final and vital factor in the consideration of both steel-framed and all-steel houses is cost. If such houses are to win the widest acceptance they must be both better and cheaper than comparable houses of competing materials. Of some 60 systems of steel-framed and all-steel construction thus far evolved, one or two claim to have hurdled this cost obstacle successfully. Several other systems come close to the mark, and their backers see prospects of cutting their costs below those of competing materials.

Two companies, for example, are cooperating in the showing of a seven-room steel house, costing \$5,000, at the Century of Progress in Chicago. Another company plans to offer completely equipped houses, in which steel, concrete and brick are the basic materials, for less than \$5,000, including site.

A brief review of some of these systems of construction is in order. A number of systems of steel flooring and framing are already in wide use. In most of these the parts are bolted together, although welding is being increasingly used. In some framing systems special designs have been developed for the structural parts; in others

the more familiar shapes have been adapted. Some place entire dependence upon the steel framing for rigidity and strength, others make the steel framing cooperate with other elements of the building in carrying the load. Several types of steel joists and flooring have also been evolved. An index to the acceptance which these have already won may be had from the fact that one company's floor system, which combines steel and concrete, is now in use in some 3,000 homes.

Although steel framing and flooring have made definite progress, no important demand has yet developed for residences entirely covered with steel. Recent developments in all-steel house construction are expected to change this condition radically, however.

Noteworthy among the new developments is a frameless steel house, completed near Cleveland in October by Insulated Steel, Inc., in cooperation with the American Rolling Mill Company. Sheet metal, little thicker than a dime, is used throughout this house, 17 tons being required. Walls are of steel sheets, story-high, which have channels two inches deep by six inches wide pressed into them lengthwise. These were assembled and welded in large sections at the factory. Floors and roof are made of steel strips 28 inches wide pressed into step-like shapes—"treads" 11

sealed with a structural adhesive. The exterior siding is of cream-colored porcelain-enameled shingles. Interiors of the walls are covered with gypsum board, permitting wall paper or other decorative finish. The hollow channels in the steel core are blocked at frequent intervals as a further insulant.

Two workmen, using two torches and one welding outfit, handled the welding on the site. No special handling equipment nor scaffolding was required.

A number of novel features are embodied in the house, which contains seven rooms, two baths, basement recreation room, double garage and roof solarium and play space. This last can be flooded in winter and used as a skating rink. Equipment includes an all-electric kitchen, air-conditioning, and an electric moulding placed near the baseboard in each room which allows electrical equipment to be plugged in at any point. Glass in the exterior doors is lowered with a crank, like automobile windows. Roll screens are attached to the top of the glass and are drawn down whenever the latter is lowered. Thus screen doors are eliminated. Floors are covered with linoleum or hardwood and ceilings with acoustical tile and plaster.

Highly fire-resistant, this house is also said to be lightning, rat and vermin proof. The enameled shingles on the exterior require no painting, and when soiled can be washed down with a garden hose. While an accurate figure as to the cost of the house is not yet available, it is said to be comparable to that for frame construction.

Enameled shingles

ANOTHER all-steel house, completed in October in Cleveland by the Ferro Enamel Corporation, also has a porcelain-enameled shingle exterior, but uses a steel frame built of three by three and one-half inch angles. Siding is of fiber insulating board, sandwiched between two steel sheets. Metal lath is fastened on the interior of the frame and the space between this lath and the laminated siding sheets is

filled with mineral wool insulation. The interior finish is of acoustical plaster. Enameled shingles are also used on the roof, which is of a conventional style. Factory fabrication was used largely in this house, too. Erection time was said to be only about half that required for similar types of construction with conventional materials.

Eight rooms, garage, and a combined porch and terrace are included in the house, which is air-conditioned. Ex-



HOUSES PERMANESQUE OF AMERICA, INC., CLEVELAND

In the small-house field, steel framing is also being combined with walls of asbestos panelling

inches wide with a six-inch "riser" between—which are butted together and welded to form a series of metal boxes six inches high by ten wide. After the first floor was in place, the lower wall sections were set up and welded to the foundation cap and floor. Then the second floor, second story walls, roof and roof parapet were welded into place. The exterior of the walls is faced with a heavy layer of board, fastened to the steel with a spirally threaded nail and

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ceptionally large windows are provided and porcelain enamel is used in a variety of ways in the interior. The cost is put at approximately \$15,000.

Still another Cleveland development, on a smaller scale, is a steel and asbestos house that is built to sell, with site, for \$5,500. This house, too, is partly factory-fabricated, and uses a steel frame with panel wall sections of rigid asbestos backed within by air-cell asbestos insulation.

These are the most recent actual developments in steel housing. They point the trends in this type of construction and offer something of a gauge of the possibilities and potentialities.

Steel men see encouragement

LEADERS of the steel industry view the situation with varying degrees of optimism. They point to the fact that man has always turned to the best and most easily available building material for his home.

They look back with some satisfaction to the growing use of steel in building houses in the past 20 years, first for collateral purposes—lathing, sash and so forth—and more recently for primary construction.

They see in these forces, and in progress in technique and design, attractive possibilities for developing a steadily increasing demand for steel-framed houses, with an attendant increase in steel tonnage—probably in the form of small rolled shapes and bars.

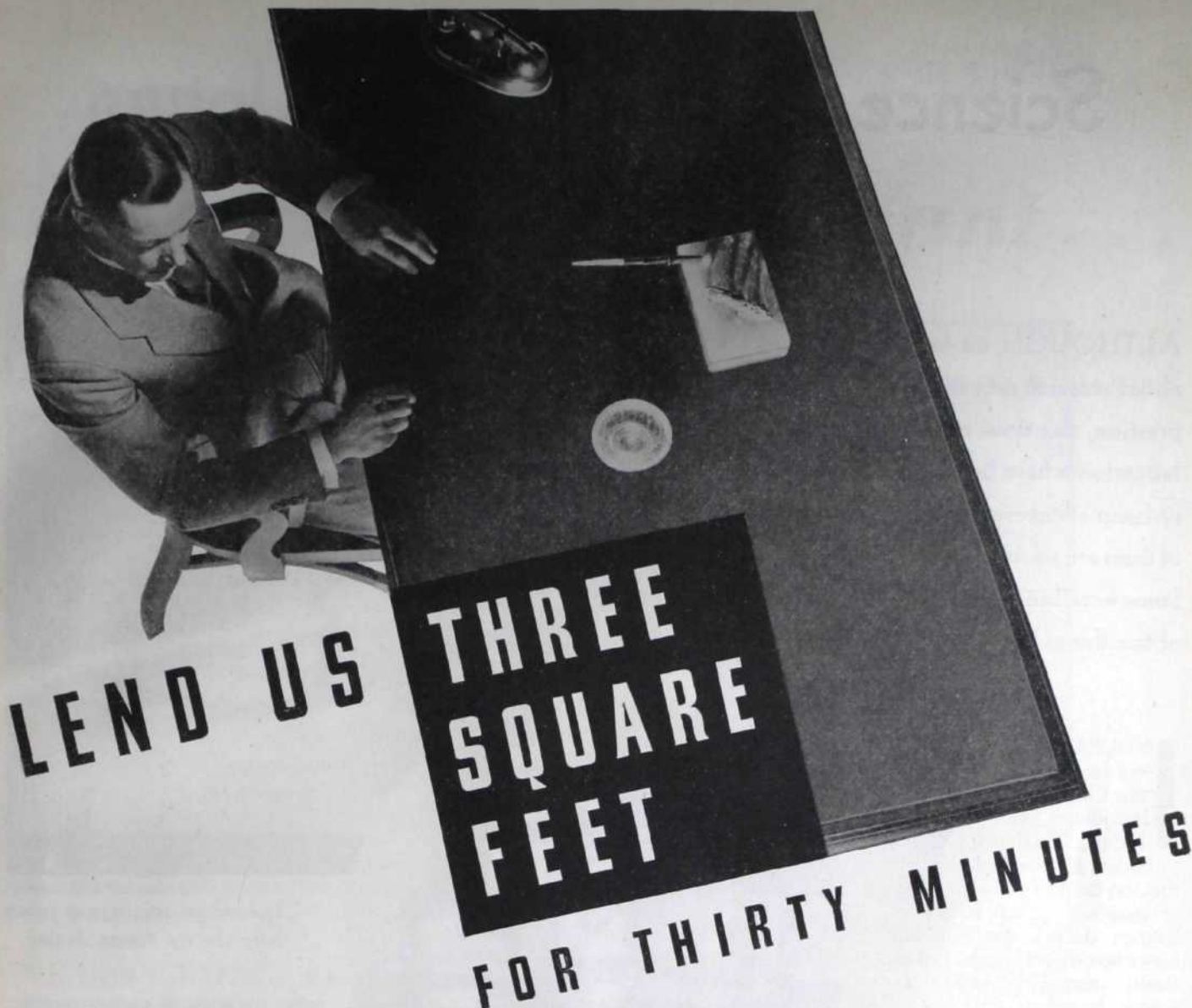
As to prospects for all-steel houses, the industry's leaders are divided. Some feel that this field is still insufficiently developed to warrant any general conclusions as to its extent and direction of development. Others feel that potentialities will be translated into actualities, and that within a comparatively short time.

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Science is Ready for the Upturn

By HARRISON E. HOWE

Editor, Industrial and Engineering Chemistry

ALTHOUGH we have been hearing less about research recently than before the depression, this does not mean that industrial laboratories have been idle. They have merely been silent—and for good reason. Many of them are about ready to break that silence. Some have broken it already. Here are some of the things they have announced

INDUSTRIAL research cannot be measured at the moment in terms of new things introduced into commerce. Inquiry has shown research to be going on with less interruption than in previous times of economic stress. Industries learned their lesson a decade ago when several leaders practically abandoned their research programs only to see more far-sighted competitors leading the procession in less than a year.

The research laboratories continue, though on a reduced basis, but the public is not yet permitted to see all the results. There is vastly more working than talking. Those who possess advantages gained through an accumulation of knowledge are carefully guarding this asset because all realize how competitive commercial development will be when once the upswing is strong and unmistakable.

There is reason to believe that those industries which have established and well supported laboratories are ready with a number of improvements, but to put these into the market means expenditure of money for extensive development as well as for commercial introduction. Things have been going pretty fast the past few years; so fast in some industries that one advance could not be thoroughly digested and paid for before another came along. It has been shown that to develop simultaneously all the worth while promising discoveries of a well organized and directed research group might easily embarrass even a financially strong concern. It is a paradox, but nevertheless true, that too much success might break a manufacturer if he tried to cash in through adequate development on all his research returns at the same time. A number have learned this lesson. They are now inclined to



COURTESY BORDEN COMPANY

Individual servings in tubes help the ice cream dealer



COURTESY OWENS-ILLINOIS GLASS CO.

Research has been directed toward a wider use of glass containers

make the most of each invention, holding some of the most promising for development only when it is apparent that the market is ready for them.

Much of the research of the past year has had to do with accomplishing the impossible within the plant. The chemical industry, where a production of, say, 100 tons a day was once believed to be the minimum possible operation, has learned how to produce 50, or 25, or, perhaps, even ten tons a day with reasonable satisfaction. The whole manufacturing program has been gone over until costs have been reduced to the limit. Days of depression have been days of severe education. The lesson has been learned so thoroughly that just a little better business and, oh! what profits would be made!

Hydrogenation has become important

THE hydrogenation of petroleum and some of its fractions has proceeded in a way not predicted when this research was undertaken. Most people looked upon hydrogenation as a process which would be useful at some distant future date when the ordinary sources for gasoline were more nearly depleted. But the products of hydrogenation have already become important. When the introduction of large numbers of kerosene burners in the cook stoves of New England necessitated an increase in the production of kerosene of a certain

sort, the hydrogenation process was relied upon to meet this demand. The introduction of the burners themselves indicates what can be done with a new product, even in times like these, if the product is right and the market is but ready for it.

Advertisements have already told us much of new types of lubricants made possible by this hydrogenation process. The rearrangement of the molecule to produce a more nearly ideal lubricant by the hydrogenation route finds competition with a synthetic lubricating oil derived from the very paraffin which until lately has been one of the ingredients to be separated at all costs from lubricants, particularly those used in cold weather.

The laboratory often discovers things that become useful only in the future, but it is rarely that a process conceived to be of greatest importance many years hence begins to pay some return almost immediately.

With this continent's great resources in raw materials for paper manufacture, it is difficult to realize that, in some countries, paper is more highly prized. In some South American countries, trees from which pulp might be made are inaccessible to the consuming centers. Transportation does not exist, and pulp has long been imported from Scandinavia, Finland, and Canada. A chemical engineer who developed his process under the conditions of his native Italy, where neither wood nor straw can be wasted, has erected and is successfully operating a mill in Argentina with wheat straw as the raw material. Peculiar economic conditions make possible the operation of a chlorine process using cheap hydroelectric power and salt. The by-products, caustic soda and refined table salt, find a ready market and the papers are bringing a certain self-containedness in paper to our South American neighbor. A similar enterprise is now being planned in Chile. In our own country a process for paper pulp from straw has been perfected and a mill has been erected. However, with the present low prices for pulp there is no incentive for operating this plant.

A great deal of ingenuity has been applied to containers. The most casual observer can scarcely fail to see the tendency toward package goods in the retail trade. Many of these present a research problem. One of the active trade associa-

tions has been much concerned with glass containers and its research has been directed toward a wider use of glass for foods. The thermal shock which such containers must withstand introduces a difficulty, as does the strain to which many containers are subject in transportation and general handling.

The rapid spread of the freezing processes has meant a research into leak-proof fiber-base containers which will hold foodstuffs during freezing and, when thoroughly frozen, present an attractive appearance. Metal foils, impregnated cartons, lacquered boards, Cellophane, and other such materials, including some of the synthetic resins, are called upon to meet these new conditions. Scientists are investigating the influence of color upon the keeping qualities of various commodities. It is reported that potato chips keep much better in a green Cellophane container than in one of any other color, and colored glass is also being examined with similar objects in view.

Improving the paper bag

LAST summer a paper bag appeared which was said to prevent ice cream from melting for a maximum of two and one-half hours, depending upon where the package was stored. The container consists of an outer and inner bag with a fiber pad between them which acts as an insulator after the ice cream in a carton has been put inside. For small deliveries the bag has proved its worth.

Just as color has long been the dominant factor in sales work, we now find perfumery entering the lists. Some time ago one manufacturer hit upon a certain scent as a sort of trade mark, but later investigations show that it can have much more importance. Perfumes, properly used, seem to have an actual sales appeal. A little while ago a group of college students investigated the influence of odor as a factor in the choice of hosiery. They called on 250 housewives. Each student displayed four pairs of hose, identical in color, pattern, and style, but boxed separately and perfumed differently. One pair was just as it came from the factory. The others were perfumed respectively sachet, fruity, and narcissus. Eight per cent of the housewives chose the natural; 18 per cent the sachet; 24 the fruity; and 50 per cent narcissus. It remains to be seen how extensively this will develop in industry, but at any rate the prospects are interesting.

Speaking of stockings, an interesting experiment was conducted this past year with stockings treated with materials which were distinctly repulsive to mosquitoes.

For a long time the textile manufacturer has wished for noncreasing cottons and rayons. The advantage of such material is obvious. A manufacturer in England casting about for something new to develop determined to produce noncreasing fabrics. His research unit worked diligently and the result has been announced. Details of the process are lacking as yet, but a way has been devised whereby a small amount of one of the numerous synthetic resins is introduced within the individual fiber. It does not affect the color or any other properties of the material, but the advantage sought is said to have been won.

The man who dispenses ice cream in cones and other small portions sells a smaller volume than he buys. The shrinkage is not due alone to melting but to the fact that he loses a certain amount of air which is beaten into the finest textured creams. As he buys by volume, he buys some air. Not until a continuous process of freezing was found which delivers the frozen cream into tubes containing the right amount for individual service has it been possible to sell as much air as he bought. This development is on a commercial scale, being used by at least one of the large producers and distributors of ice cream. The tubes of individual servings are bundled into a package which fits into the standard storage can.

Those who find it necessary to wage continuous war upon insects are watching the development of rotenone as an in-



COURTESY DUNLOP RUBBER COMPANY, LTD.

Cellular cushions made from latex are a recent development in the field of rubber manufacture

secticide. This is one of the plant extracts used in the Tropics, particularly to poison fish which are then gathered by hand. As rotenone is not toxic to warm-blooded animals, the fish are eaten without hazard. Rotenone sprays are found effective as contact insecticides, but as a coating on plants kill the biting and sucking insects as well. It had been hoped that rotenone sprays might displace arsenical sprays on apples and other fruits but, unfortunately, the rotenone soon loses its toxicity on exposure to bright light.

Research is now seeking some derivative of the material which is not light-sensitive or to find some means of protecting the rotenone from the light. Prospects of extensive use of the material in other directions are such that efforts are being made greatly to increase the supply of raw material.

Compounds have been discovered which will prevent gum formation in anti-knock gasoline without diminishing the knock-suppressing elements. Cracked gasoline will benefit by this discovery. This gasoline is known to be superior to straight-run gasoline in anti-knock rating, but, when stored, cracked gasoline tends to combine with oxygen from the air and to form gummy or resinous products which deposit as a hard varnish-like layer in the gasoline lines and the intake system of the engine.

One of the new compounds is known as parabenzyaminophenol. One molecule of it will prevent one hundred thousand molecules of the cracked gasoline from combining with oxygen. Different laboratories are working on this problem and other anti-gum compounds under various names have already appeared.

New interest has been aroused in powdered metals. They have been used for decoration, as for example in bronze paints and lacquers, and, as catalysts, have had their place in a number of chemical processes and reactions. Now they are becoming important in the manufacture of small parts, particularly bearings and bushings. A typical oilless bearing is made of 90 parts of copper, ten of tin, and from one to four parts of electric furnace graphite. Such a mixture is pressed into the form of a sleeve. It is then given a heat treatment with time and temperature regulated so there is a welding action at the multitude of contacts between metal particles. While hot, the article is submerged in lubricating oil and becomes saturated with it. Such bearings have high crushing strength and exude oil under conditions which might otherwise result in a dry bearing. In use, the absorbed oil is not depended upon to provide all the lubrication but, properly supplied with additional oil, such bearings give an efficiency approaching that of ball or roller bearings.

Better soap is being made

THE first great advance in many years in detergents has been consummated within the past year. The production and application of the higher alcohol sulfonates in the perfection of detergents has already found a demand of 400,000 pounds a year on the continent and these materials are being introduced into the United States. Some of their remarkable properties when used in soaps include the ability to cleanse thoroughly fibers which customarily become matted in the washing process. Indeed a number of materials that have been difficult to cleanse satisfactorily seem to yield to treatment when these sulfonated higher alcohols are used.

For years attention has been focused periodically upon the damage due to sulfur fumes in the air of cities, whether industrial centers or not. It has come to be recognized that the indifferently fired household heating unit may contribute as much sulfur dioxide to the air as the industrial plant where it pays to control the fires. Several lines of attack are being followed. Some are devising means for scrubbing the sulfur fumes from the stack gases before it reaches the atmosphere. Others believe that the sulfur can be removed from coal before it is burned. Under the latter plan, ground coal is treated at the mines with an acid solution of ferric sulfate, then washed and heated in the presence of hydrogen which would remove the remaining sulfur in the form of

hydrogen sulfide. A part of the sulfur could be recovered for commercial use.

Concurrently, methods for detecting the degree of sulfur dioxide concentration in the atmosphere have been perfected. This is an important step in keeping the concentration low enough to prevent damage to paint and other protective coatings in cities and to crops and forests in rural districts.

Sound absorption has grown to be a question of importance and a number of firms are manufacturing materials useful in shutting out the hubbub of the modern city. It is reported that there were seven such concerns in 1929. There were 18 in 1930, and 23 in 1931.

Many new rubber products

DEVELOPMENT of means for transporting latex from the rubber trees of the Orient to the factories of America without substantial change in the material means much to the rubber industry. Simplicity in manufacture and products with certain superior physical properties are among the advantages. Latex has made possible electrolytic deposition. It has given a new direction to manufacture involving impregnation of fabrics, treads, and cords, and has led to a vast amount of research in cements, adhesives, sealing compounds, and articles produced by extrusion.

The field of insulation has seen advances due to deproteinized latex, one investigator stating that, in the case of hard rubber, the break-down voltage can be increased 300 to 400 per cent by first treating the latex with caustic soda to destroy the proteins present. Cellular cushions are made from compounded latex froth and, in manufacture of carpets and rugs, the material has been used to penetrate the structure of the back of the goods, thereby imbedding the loop of the pile yarn and providing a layer of rubber to prevent slippage of the floor covering. Latex has penetrated the paint industry, the paper industry, and the shoe and leather industry. In the latter, when used as a binding material, it has given a variety of mid-soles in which various cellulose fibers have been employed. Some of the best rubber soles are now made from felt fibers also bonded with latex. These are said not to spread, do not mark floor surfaces, are waterproof, and insulate against hot and cold surfaces. At the same time they are sufficiently porous to be comfortable.

Vulcanized latex finds application all the way from a chewing gum base to use as a film in which tropical fruits may be sealed prior to transportation. It has been found advantageous in the manufacture of milk bottle stoppers, rubber-lined bottle caps, dental rubber, meteorological balloons, and in a variety of dipped goods such as surgeons' and electricians' gloves. The abrasive particles in cutting wheels are bound with it, driving belts and gaskets are made from it, and even rope is impregnated with latex. It has even been suggested that, with the low price of rubber, we may find latex applied to roadway surfaces, much as asphalt is used, and that a blanket of it would be useful for covering athletic grounds and similar areas which must be kept in good condition. Dried latex in powder form, including compounding materials, offers many advantages for molding. The material is offered in various combinations beginning with the white milk-like juice of the tree and extending on to masses of the dry material made ready for the rubber products manufacturer. Its only competitor thus far is DuPrene, the synthetic rubber-like material announced last year from the laboratories of the du Pont Company. DuPrene has a finer particle size than the particles of rubber latex and possesses qualifications which better suit it than rubber to certain types of uses.

With the upturn in business which has apparently come to stay, we may confidently look forward to the gradual introduction of newer and better materials and to marked improvements in several of the older ones. Research has made a place for itself in industry, and that place will be enlarged and assured by the regulated flow of results which will continuously find their way to market.

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Canada Likes the Sales Tax

(Continued from page 31)

Yet it should in any event amount to less than six per cent of the retail price. Theoretically it should be increased by the same percentage as the manufacturer's price is increased by the retailer. Practically it does not always work out that way.

In some cases the tax will tend to be absorbed in part by wholesalers or retailers. In other cases, the tax may tend to widen their margin as they jump their retail price to the nearest convenient round figure.

When the tax was increased last year it created a problem for manufacturers and retailers of fixed price merchandise. One big cigarette company absorbed the tax and cut out its premium coupons.

On the whole, the public has had no reason to feel the jump within a period of two years from one per cent to six per cent. Prices have been coming down so rapidly that the cost of living has been reduced despite the higher sales tax.

The most efficient rate

WHAT is theoretically the correct rate, the one that will produce the largest revenue with the least burden upon the business man or consumer, has never been determined in Canada from experience.

But it is doubtful if even the six per cent rate would have been so passively accepted by the Canadian public, had it not been imposed in 1924 when the tariff itself was being reduced and in 1932 when prices were coming down.

Most of the administrative problems that would arise in the imposition of a sales tax by the United States have been met by Canada. Canada has done the experimental work.

Some points Canada has learned are:

1. The necessity of collecting the tax only once in any series of transactions.
2. The necessity of imposing the tax

in such a way that unfair advantages shall not be given to any particular type of merchandising such as the factory owned chain, etc. For instance if a licensed manufacturer bills goods to his unlicensed wholesale branches he must calculate the tax after allowing for a fair profit.

If the manufacturer sells to his own retail stores the taxable wholesale price is fixed by the Government.

3. The necessity of having the tax billed on the invoice so that it is clearly paid by the purchaser and not by the seller.

Politics has little influence

CANADA has learned also that a sales tax is capable of a certain amount of political influence. For instance in drawing up a list of exemptions certain classes of producers whose political influence is strong can be freed from the worry of the tax. This does not imply that all the exemptions are political. Most of them are thoroughly proper. For instance, in any country there would be rather general opposition to a sales tax on the people's primary staple food products.

And it would cost more than it is worth to attempt to impose the tax upon small retailers manufacturing their own merchandise, such as custom tailors, picture framers, shoemakers, and show card makers.

It would probably sum the situation up fairly to say that, in Canada, business likes the sales tax, not because it likes taxation, but because the sales tax is the least of a number of possible tax evils.

And further that the consumer is largely passive because the tax is concealed in the final sale price of what he buys and he is not constantly reminded that on nearly every purchase he makes he is paying a tax.

Higgling Irritates Business Men

THE BOOKKEEPER in the feed and seed store looked sour.

"Old Joe Daskam just phoned me that he was sending his son down to pay their bill. You wouldn't think that would make me look sour? You don't know Joe.

"He's a higgler; and he gets my goat about once a month.

"I suppose pretty much all business used to be done on a basis of higgling. A generation ago a man used to go into a store to buy a pair of shoes or a ton of bran or ten pounds of sugar

and try to banter the price down.

"Partly he did that to save money; but more he did it to get the feeling that he was getting the better of the merchant or making a better bargain than his neighbor. He'd argue ten minutes to get a pair of shoe laces thrown in with his shoes.

"There still is a big part of business where higgling is natural, and I suppose it's proper.

"Opinions can honestly differ as to the value of a cow or an old house or a used car; and the only way a sale can

be made is to swap ideas back and forth till the two parties can come to an agreement.

"But merchants who sell standard goods have been steadily moving away from the practice of higgling for a long time; and a good thing, too. Higgling costs time, if nothing else.

Scientific pricing

"ANY merchant deserving the name tries to price his goods scientifically. Anybody who comes in here is free to buy our feeds if he likes the goods and the prices; if he doesn't, he can walk out, and no hard feelings.

"Old Joe Daskam won't deal that way. The last time he bought a load of bran it weighed a ton and twenty pounds. He wanted us to call it a ton, and I refused.

"Then he called my attention to the fact that he always trades here, and ought to have some special consideration on that account. I told him he always trades here because he is sure of the quality of stuff he gets here, and the other feed store is away at the far end of town.

"Then he brought up the fact that he is well fixed; we are sure of our pay; and he thought he ought to have a little discount on that score. And I countered with the statement that he couldn't get trusted here at all if we didn't regard him as solvent.

"We have treated him exactly this same way for ten years, and he hasn't learned a thing. He keeps picking away at us to try to get some little advantage for himself that we don't give other customers.

"On the phone just now he said, 'I'm sending my son down to pay my bill. I have it all figured up. Give me any discounts you can. I think you ought to knock off that twenty pounds of bran.'"

No profit in higgling

"DO YOU think your customer's custom of higgling over every deal has profited him anything?" I asked.

"Not a cent, so far as we are concerned. The reverse of that, if anything. Sometimes we will get in an especially nice lot of clover seed, for example. We may buy it and plan to sell it at the same price as another lot that is a shade lower in germination. I'll get on the phone and call in a few of our best customers to get the prime seed. Do I call Joe Daskam? I do not!"

I countered with, "I should think you would occasionally, especially if Daskam trades with you on a big scale."

"He doesn't. He's a good, reliable, small-scale customer.

"You never saw a higgler who does anything on a big scale."

—RONALD FOXCROFT

\$ \$ \$

Eye Appeal ..and Profits

The sales value of a Superior Package



Keen merchandisers realize that EYE APPEAL is one of the most important requisites in making sales . . . This is especially true of packaged goods.

Notice how often a purchaser selects one product in preference to another, chiefly because of a superior package. And in most cases the choice is wisely made—for the public has learned by experience that the better products are invariably in modern, attractive packages, scientifically designed to keep the goods in first-class condition.

Competition for the consumer's favor has made package standards higher than ever before. And the makers of packaging machinery and package material have kept abreast of this trend.

New Possibilities in Package Design

Today you have a wide choice in the type of package you may use—you can design a package especially suited to your product, a package that has individuality and eye-appeal.

Our machines are making packages with practically every known form of packaging material—plain Cellophane, printed Cellophane, printed paper wrappers, glassine, foil, cardboard, etc.—and in a multitude of forms.

Lower Costs with Modern Machines

A package improvement does not necessarily mean increased cost. Indeed, the very machines which make the improvement possible, often lower costs because of their higher efficiency.

Consult Us

With our wide experience, and intimate knowledge of modern trends, we can give you real assistance in carrying out your package improvements. Consult our nearest office.

PACKAGE MACHINERY COMPANY
Springfield, Massachusetts

New York Chicago Los Angeles
London: Baker-Perkins, Ltd.



When writing to PACKAGE MACHINERY COMPANY please mention Nation's Business

What Customers Can Tell You

By WILLIAM J. REILLY

Of the William J. Reilly Company

"MY PRODUCT is the best in the world," screams John A. Manufacturer in a full-page ad. "Says you!" is the consumer's comeback.

But Mr. Manufacturer doesn't hear because he doesn't give the consumer a chance to talk back.

Frequently he doesn't even know who the consumer is and where he lives. His representatives are calling on wholesalers and perhaps retailers, but they never meet the person who *uses* the product. It's incredible that the master minds in marketing know so little about their markets. I've asked manufacturer after manufacturer, "Who uses your product and what do they think of it?" Very few really know.

In a recent business conference I listened to a heated argument over what magazines should be used to advertise a certain product. After both sides had gotten tired and the meeting was about to break up, I asked the same old question:

"Who uses your product and where do they live? Maybe that would have something to do with what magazines are to be used—if they are to be used at all."

There was a thunder of silence. No one knew. One man said his wife used it. Another mentioned his friend in the country. A third said that the upper classes use it, and then an entirely new argument boiled between him and the "head man" who contended that "everybody" used it.

The next morning I was out letting housewives tell me how to run the business.

I couldn't believe what they said—that the product wasn't any good for the purpose recommended in most of the advertising—that was the only purpose they didn't like the product for—that they were using it for an entirely different purpose.

I got on a train and went to another city. Housewives told me the same thing there. Then in still another city, the same story.

I came back to the office and found out that it's hard to convince an "experienced" man of anything unless he thought of it first.

He called me a liar. So I invited him

★ **PERHAPS** you think you know all about your product, what it is good for, who buys it, and so on. But quite likely you don't. Mr. Reilly tells here what happened to several other business men who thought the same thing but took the trouble to ask consumers what they thought about it

to go out with me, talk with some housewives and learn all about it from them. This he did. And saw the light. It was the first time in his business career that he had ever gone out and talked with his market. He was all upset.

The whole thing reminded me of the time a landscape painter told me that grass (as a rule) isn't green. I laughed. I had seen lots of grass. He took me out in the field, bent me over and told me to look through my legs at the grass and tell him what color it was. It wasn't green at all. It was three or four different colors.

Consumers help manufacturers

IT'S pretty hard for any manufacturer to let the consumer take pot shots at his personal opinions. But when he does, he nearly always gets an earful. What he finds out is usually so simple and elementary that he has never given it any thought. For example, here's what a consumer told a sheet manufacturer:

"Why, your darn sheets are not long enough to go around a mattress. The mister's feet come out at the bottom of the bed every night."

He said she was crazy. To prove it he took the trouble to get the measurements of a standard mattress and was knocked for a complete loss when he found that his sheets really weren't long enough to be securely tucked under and still provide room enough for a person's feet.

This sheet manufacturer is now making longer sheets. And sales are up—thank you.

A cooking fat manufacturer was telling housewives in his advertisements how wonderful his product was for making biscuits. But when he gave Mrs. Consumer a chance to talk back, she told him:

"Don't tell me your product is wonderful for biscuits. You tell me to keep it in the icebox. I come downstairs in

the morning and pull that stuff out of the icebox and try to mix up some biscuits for breakfast, and it's hard as a rock. It won't mix."

So the manufacturer made his product easier to mix at icebox temperature.

Consumers are just bubbling over with suggestions but so few manufacturers give them a chance to express themselves.

I know a manufacturer who really had something to crow about. Customers told me that his product was the best that could be bought. But the manufacturer didn't know it. He had been going along year after year doing a fairly good business. But he didn't know his own strength.

A more alert manufacturer of a competing product talked with customers. He found out how good Mr. Dull Manufacturer's product was. So he asked Mr. Dull how much his business was worth—plant, machinery, product, trade mark, and all.

After studying for several weeks, Mr. Dull reported that his business was worth at least five million dollars but that he didn't know whether he'd sell for that. Mr. Alert said, "I'll give you six million dollars."

The Alert Manufacturing Company made a net profit of three million dollars on that product the first year! This year Mr. Alert expects it to be his leader.

A lot of manufacturers have something to crow about but don't know it. And it's just too bad if their competitors find it out first.

So many manufacturers make things too hard for themselves. They try to grab inspirations out of thin air.

Smart manufacturers go out now and then to knock at doors and to get a load of "back talk" from consumers. Whether you think so or not, the consumer is the "head man." He's the president, the board of directors, the whole works. Because it is he, in the last analysis, who dictates your policies and tells you how to run your business.

Making Hard Times Bring Tenants

WHEN owners of old buildings in Oakland, Calif., found renters slipping away to occupy newer structures, they adopted a program which, although it cost some money, is proving a wise investment

DURING the present period of retarded business activity much interest has developed among property owners and builders in the possibilities of bringing business buildings of sturdy underlying construction up to modern standards by alterations that combine a pleasing appearance with a comparatively low financial outlay.

With low wages prevailing and many skilled men out of jobs, the labor cost for such work is lower than it has been in years. If the location is good and the building fundamentally valuable, the banks can make the financing possible by sound loans. The Downtown Property Owners' Association of Oakland, Calif. has demonstrated the results to be obtained by such a program.

The Association and the individual property owners comprising its membership, most of whose holdings were in the older business section of Oakland, faced the problem of holding their tenants against the competition offered by newer buildings.

Rents were down everywhere and the owners of the new buildings were reducing the cost of leases to a point where the inducement of cheaper rents in the older buildings was negligible. Further reductions by owners of the older buildings resulted in a return from the investment that in some instances was insufficient to meet the taxes. Obviously the only thing to be done was to replace the obsolete structures or remodel them so that they could compete on more nearly equal terms with newer structures.

The Association appointed a committee of property owners to study the problem. An architect was appointed to examine the various buildings and to advise the committee upon the possibilities and the approximate cost of alterations.

Plans were worked out and architects' drawings showing what could be done in the way of effective alteration were submitted by the Property Owners' As-

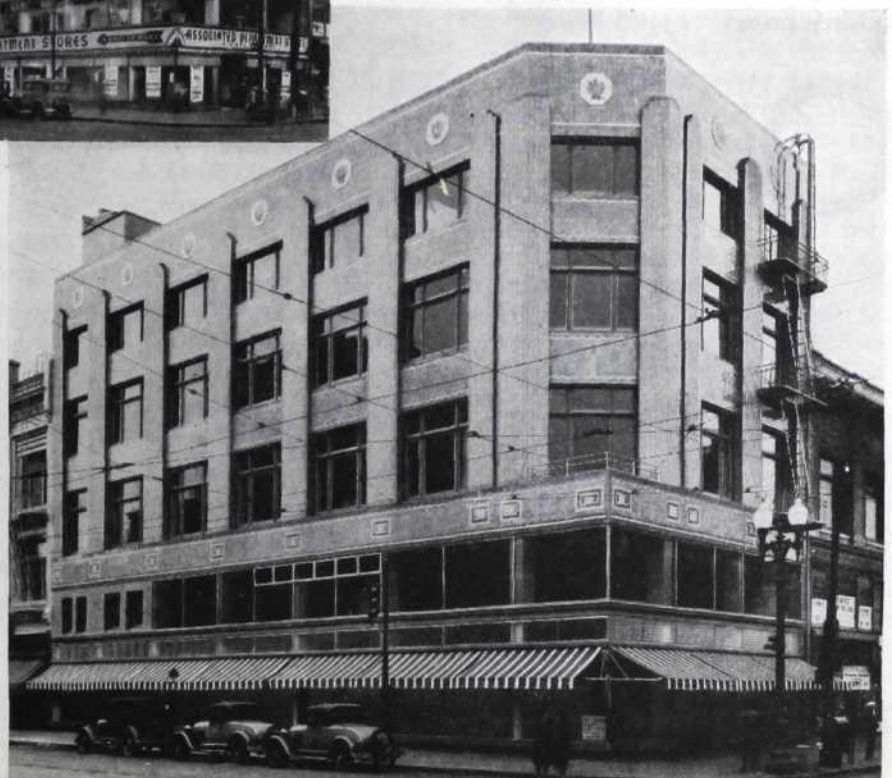
sociation to the individual owners of five or six buildings.

Owners of two of the buildings first selected for study were so favorably impressed that financing was arranged, contracts let and the work begun within a few weeks. Both of these buildings have been completed. One of them is a two story building used for stores and offices. The window trim, cornices, cement quoins and all superfluous projections definitely dating the original construction of the building were removed.

The change is striking. The cost was considered low and a further advantage resulted from the speed with which the work was completed. The entire alteration was finished within 30 days reducing the inconvenience and loss of business for tenants usually incurred when alterations are made.

The second building, a five story department store, was completely refaced with encaustic tile. Plate glass was reset with chromium plated bars. The entrances were finished with tile floors and ceiling panels. Before the scaffolding was removed the owners received an offer for the lease of the building. They have received several other offers since. Before remodeling, this building had stood idle for more than a year.

J. H. King, director of downtown development, of the Downtown Property Owners' Association of Oakland, and under whose direction the program is being worked out, states that half a dozen more projects are being worked out and that two have received the approval of owners who are now making final arrangements before letting the contracts.



As it looked above, this building stood vacant more than a year. A prospect appeared before remodeling was completed

M. L. COHEN CO.

The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



Business conditions
as of November 1

BUSINESS presented a checkered appearance in October, while in early November it either marked time pending the election or, as in the case of commodity prices, sagged lower

OCTOBER was a month of cross currents with bearish elements tipping the scale. Early November, however, seemed to hold forth the idea that the backswing had spent its force and that a rally was in order. Preelection activities exerted rather more than usual influence; security and commodity prices declined rather markedly until well into November, with farm products and their derivatives showing most effects. Wholesale trade particularly marked time pending clearer views of the outcome. Retail trade, affected by spells of warm weather, sagged slightly.

On the other hand the effect on industry was rather slight. Some heavy lines such as iron and steel gained ground; carloadings expanded more than seasonally and railway earnings showed marked improvement over the dullness of last summer. All in all, the situation may be said to have indicated a levelling off in which some favorable features appeared.

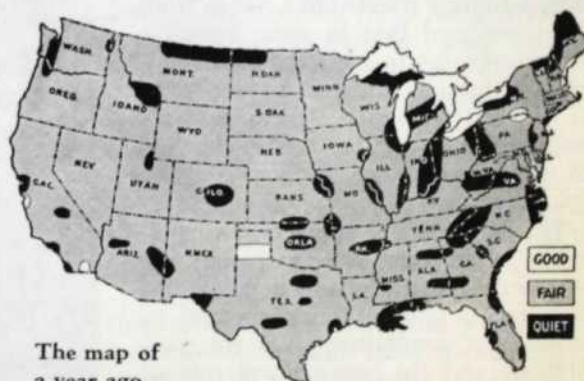
Although bank suspensions were rather numerous, these embarrassments, as well as regular commercial failures, were fewer than a year ago and signs were that credit conditions were loosening up a little. Money rates showed marked ease. Collections were slower than in September but trade and industry as a whole were still well above earlier low levels.

The textile industries and their sub-divisions, wholesale and retail, retained their earlier leadership and employment and pay rolls in these and other seasonal lines gained.

Rural trade seemed more depressed than city business; this



The map of
last month



The map of
a year ago

Evidence of the gradual improvement in general business is had in the continued contraction of the deeper shadows on the business map

not because of large current crop yields but of heavy carryovers of leading grains and light export trade interest. Wheat prices in late October and early November broke to new low levels; corn, oats and rye were at the lowest since the middle 'nineties; and hogs, among the pioneers in the upward price movement, lost all their June and July advances. Beef cattle and hogs were still below the 1931 level.

Light industries do well

OF THE textiles, cotton goods showed the most resiliency in manufacture but the down trend in the raw material in October affected prices in the goods market.

Continued good export trade in raw cotton helped the rally in the country's out-bound trade. Domestic use of cotton still exceeded a year ago. Silks did relatively well in September but October saw a reduction in mill takings. Shoes were among the called-for products, although production was below earlier months.

Crude petroleum showed a drop in output with a stiffening of prices. Many men returned to work in the central coal field—at lower wage scales.

The automobile trade was quiet, following the year's lowest monthly output in September. October work was mainly in output of new models. Building showed a slight upturn but value of work permitted for was still well below a year ago.

Wheat hurts agriculture

THE importance of wheat in the agricultural scheme was shown in October when prices dropped ten cents a bushel at Chicago and Winnipeg future markets.

Except for a slight margin above the low of a year ago in the Southwest, prices were still well below the October, 1931, low. It is possible for dry weather in parts of the Southwest to help save the farmer from himself but winter wheat seeding promises to cover 38,000,000 acres. This is several million acres less than last fall but is still 5,000,000 acres more than was actually harvested this year.

The farmer seems to face the necessity of reducing wheat growing to a purely domestic basis and abandoning export trade or being prepared to bid against the low prices asked by growers on newer, cheaper lands in Canada, Argentina and Australia.

For the present the United States, like Russia, seems out of the export picture. Russia's surplus seems to be needed at home whereas this country holds the largest supply on record with supplies from all export countries about double the estimated requirements of import countries.



Above: Bakelite Molded insulation is standard for many applications. Below: Abrasive wheels bonded with Bakelite Resinoids are safely operated at high speeds.

Above: Chairs, tables and desks are made with Bakelite Laminated. Below: Silent gears for light and heavy duty service are also made of Bakelite Laminated.

THIS "KEY" can unlock the gate to profitable new markets

IN BAKELITE RESINOIDS, or the materials made from them, many manufacturers have discovered the "Key" that unlocks the gate to profitable new markets. Bakelite Resinoid Materials have an important place in the production of modern electrical insulation, machine parts, abrasive wheels, door hardware, tools, furniture, paneling and trim, air drying finishes, surgical bandages, and scores of other equally varied lines.

In the development or perfecting of new products, research engineers may find in some type of Bakelite Resinoid, the exact combination of properties which they require. The important part these Resinoids have had in producing new materials, indicate the possibilities which exist for discovering still greater fields of

service through laboratory research. To manufacturers, engineers and chemists we offer the cooperation of our technical staff and laboratories in the development of new uses for Bakelite Resinoids, or in the application of Bakelite Materials—Molded, Laminated or Varnish—to their own special needs. To those interested we will mail copies of our booklets describing these Bakelite materials. Ask for Booklets 1M, 1L and 1V.



BAKELITE CORPORATION, 247 Park Ave., New York . . 43 E. Ohio St., Chicago
BAKELITE CORPORATION OF CANADA, LIMITED, 163 Dufferin Street, Toronto, Ontario

BAKELITE

The registered trade marks shown above distinguish materials manufactured by Bakelite Corporation. Under the capital "B" is the numerical sign for infinity, or unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products.

THE MATERIAL OF A THOUSAND USES

When writing to BAKELITE CORPORATION please mention Nation's Business

On the Business Bookshelf

STUART CHASE'S latest work, "A New Deal," takes its name from its final chapter. Here he explains what the new deal would be and how it would work. His plan, in brief, calls for socialization of transportation, industry, and distribution. A planning board would be given power to limit new developments that might compete with established concerns. The advantages he sees in this arrangement are that improvements would be introduced more slowly thus avoiding quick obsolescence in competing plants.

In the earlier chapters, Mr. Chase lists questionable ways of getting rich which make the new deal necessary. Although business men, we feel, will agree with him in his attack on dubious get-rich-quick methods, they are likely to feel that his criticisms are more applicable to the humans than to the system.

Readers will probably find the book more interesting than its predecessors. I, at least, found it easier to read.

MR. GRAVES discusses the depression² in two parts, the liquidation, 1929-1931, and the world credit collapse beginning in May, 1931. His discussion of the phases of the depression is remarkably clear, but the last section of the book, discussing the future, is not so clear. He thinks the creditor countries should, with their principal debtors, form economic unions, but sees no way in which this can be done. His last chapter, "Social Planning and the Eclipse of Democracy," pictures our present democracy buried under bureaucratic red tape. However, this burial is not to be in the near future, but, perhaps, a century or two removed.

MR. KILE³ pictures the farm of the future as an efficient organization, not like the corporation farm of the west today, though it may in many cases be a corporation. This future farm is to be highly mechanized—equipped not with just a tractor and power plows, but with mechanical aids throughout.

The farm is to be larger than most farms of today, and sections of it will be handled by individual farmers under

the skilled management of the complete unit.

"PLANNING for Residential Districts"⁴ considers a phase of planning which has been too often neglected in city and regional planning. It stresses the effect of planning so that the individual home shall have the greatest value.

The factors considered, Planning and Zoning, Subdivision Layout, Utilities for Houses, Costs, and Landscaping, make the book of value to those intending to buy or build a home as well as to planners and subdividers.

THE "World Economic Survey"⁵ is a record of the various phases of this world-wide depression. Some sections of the survey are brought up to June, 1932, which shows what seems to be the beginnings of world recovery.

MR. JAVITTS, in "Business and the Public Interest,"⁶ advocates a modification of the antitrust laws to allow trade associations in each industry to control output according to demand and to regulate prices. He believes that industrial coordination should be brought about by voluntary cooperation, not by governmental action. He presents a new plan for trade associations designed to accomplish his purposes. His aim is to have industry working steadily at a reasonable profit—neither deficit nor high profit—and to give workers a shorter week and shorter hours.

"THE Holding Company"⁷ is the best book we have seen on the subject. The book is impartial, pointing out both the good points and the weaknesses of the holding company as a corporate form.

⁴Planning for Residential Districts, edited by John M. Gries and James Ford. The President's Conference on Home Building and Home Ownership, Washington, D. C., \$1.15.

⁵World Economic Survey, 1931-1932. League of Nations, Geneva, Switzerland. American agent: World Peace Foundation, Boston. \$2.50.

⁶Business and The Public Interest, by Benjamin A. Javitts. The Macmillan Company, New York, \$2.50.

⁷The Holding Company, by James C. Bonbright and Gardiner C. Means. McGraw-Hill Book Company, New York, \$4.

Holding companies in public utilities and railroads receive most notice.

RICHARD WHITNEY is president of the New York Stock Exchange. William R. Perkins is a New York attorney. The publishers of "Short Selling—For and Against"⁸ have compiled three statements from each and made a book of them. Mr. Perkins was, in his statements, tearing down the work of Mr. Whitney. Mr. Whitney's sections of the book have made slight references to some alleged fallacies in prior pieces by Mr. Perkins, but the book as a whole leaves the impression that Mr. Perkins has not satisfactorily refuted the statements of Mr. Whitney and that Mr. Whitney was not given a chance to refute the later and more vigorous attacks of Mr. Perkins.

"WASHINGTON Swindle Sheet"⁹ is a light and entertaining study of the expense account of the United States Senate. It is no crime, of course, for Senators to make their expense accounts large, but as Mr. Helm suggests time and again, the taxpayers would be benefited if the Senators spent money as if it were their own instead of beneficent Uncle Sam's.

IN "Creative Salesmanship,"¹⁰ one of the latest of Herbert Casson's numerous books on business, the author attempts—and successfully—to answer the question: "What can we do to increase sales without a sacrifice of profit?"

Intended for manufacturers, wholesalers and retailers, it contains more than a hundred practical suggestions which, in the words of the author, "will enable any firm to shape a policy of active, pushful salesmanship."

Chapter headings are descriptive of the contents: Suggestions to Retailers; Suggestions to Manufacturers and Wholesalers; Profitless Selling; How to Pick, Train and Stimulate Sales People, and Thirty-one Instances of Creative Salesmanship.

⁸Short Selling—For and Against, by Richard Whitney and William R. Perkins. D. Appleton and Company, New York, \$1.25.

⁹Washington Swindle Sheet, by William P. Helm. Albert & Charles Boni, New York, \$2.50.

¹⁰Creative Salesmanship, by Herbert Casson. The Efficiency Magazine, Kent House, 87 Regent St., London, W. 1, England, five shillings.

¹A New Deal, by Stuart Chase. The Macmillan Company, New York, \$2.

²The Great Depression and Beyond, by Lloyd M. Graves. The Brookmire Economic Service, Inc., New York.

³The New Agriculture, by Orville Merton Kile. The Macmillan Company, New York, \$2.

Mr. Roosevelt's Economic Platform

(Continued from page 17)

issues of stocks, bonds and other securities, liabilities and indebtedness, and capital investment and frequent information as to gross and net earnings.

Second—Publicity on stock ownership of stocks and bonds and other securities, including the stock and other interest of all officers and directors.

Third—Publicity with respect to all intercompany contracts and services and interchange of power.

Fourth—Regulation and control of holding companies by the Federal Power Commission and the same publicity with regard to such holding companies as is provided for the operating companies.

Fifth—Cooperation of the Federal Power Commission with public utilities commissions of the several states, obtaining information and data pertaining to the regulation and control of such public utilities.

Sixth—Regulation and control of the issue of stocks and bonds and other securities on the principle of prudent investment only.

Seventh—Abolishing by law the reproduction cost theory for rate making and establishing in place of it the actual money, prudent-investment principle as the basis for rate making.

Eighth—Legislation making it a crime to publish or circulate false or deceptive matter relating to public utilities.

Agriculture

IN HIS speech on agriculture at Topeka, the President-elect talked of a "plan" for the farmer which must have these six points:

First—The plan must provide for the producer of staple surplus commodities a tariff benefit over world prices which is equivalent to the benefit given by the tariff to industrial products. This differential benefit must be so applied that the increase in farm income, purchasing and debt-paying power will not stimulate further production.

Second—The plan must finance itself. Agriculture has at no time sought and does not now seek any such access to the public treasury as was provided by the futile and costly attempts at price stabilization by the Federal Farm Board.

Third—It must not make use of any mechanism which would cause our European customers to retaliate on the ground of dumping. It must be based upon making the tariff effective and direct in its operation.

Fourth—It must use existing agencies and, so far as possible, be decentralized in its administration so that the chief responsibility for its operation will rest with the locality rather than with newly created bureaucratic machinery in Washington.

Fifth—It must operate as nearly as possible on a cooperative basis and its effect must be to enhance and strengthen the cooperative movement.

Sixth—The plan must be, so far as possible, voluntary. I like the idea that the plan should not be put into operation unless it has the support of a reasonable proportion

of the producers of the exportable commodity to which it is to apply. It must be so organized that the benefit will go to the man who participates.

(Mr. Roosevelt did not define his "plan" but rather listed the things such a plan must and must not do. In some comment on his speech there was an assumption that he favored the domestic allotment plan.—The Editor)

Mr. Roosevelt in the same speech proposed these things to benefit the farmer:

First—Reorganize the Department of Agriculture, looking toward the administrative machinery needed to build a program of national planning.

Second—A definite policy looking to the planned use of the land. We already have more than enough tilled land to meet our needs for many years to come.

Third—The reduction and more equitable distribution of taxes.

Fourth—Extend Federal credit to "corporations or individuals which hold farm mortgages, on the condition that every reasonable assistance be given to the mortgagors where the loans are sound with the purpose of preventing foreclosure. . . . Lower interest rates and an extension of principal payments will save thousands of farms."

Fifth—Restore international trade through tariff readjustments.

Banking

GOVERNOR Roosevelt's proposals for the reform of our banking system were laid down in an address at Columbus on August 20. Here is his financial platform:

First—I propose that every effort be made to prevent the issue of manufactured and unnecessary securities of all kinds which are brought out merely to enrich those who handle their sale to the public;

and I further propose that, with respect to legitimate securities, the sellers shall tell the uses to which the money is to be put. This truth-telling requires that definite and accurate statements be made to the buyers in respect to the bonuses and commissions the sellers are to receive; and, furthermore, true information as to the investment of principal, as to the true earnings, true liabilities and true assets of the corporation itself.

Second—We are well aware of the difficulty and often the impossibility under which state governments have labored in the regulation of holding companies which sell securities in interstate commerce. It is logical and necessary that the full extent of federal power be applied to such regulation.

Third—For the practical reason that the many exchanges in the business of buying and selling securities and commodities can, by the practical expedient of moving elsewhere, avoid regulation by any given state, I propose the use of federal authority in their regulation.

Fourth—The events of the past three years prove that the supervision of national banks for the protection of depositors has been ineffective. I propose much more rigid supervision.

Fifth—We have witnessed not only the unrestrained use of bank deposits in speculation to the detriment of local credit but we are also aware that this speculation was encouraged by the Government itself. I propose that such speculation be discouraged and prevented.

Sixth—Investment banking is a legitimate business. Commercial banking is another wholly separate and distinct legitimate business. Their consolidation and mingling is contrary to public policy. I propose their separation.

Seventh—Prior to the panic of 1929 the funds of the Federal Reserve System were used practically without check for many speculative purposes. I propose the restriction of Federal Reserve Banks in accordance with the original plans and earlier practices of the Federal Reserve System.

Bringing Men and Jobs Together

THE other day a friend of mine overheard two men seated behind him in the train discussing the unemployment situation. One of them said, "For three weeks our bank has been looking for a mechanical engineer and we haven't been able to find the right man yet."

Here was a situation which is not unusual in normal times but which seems remarkable today. With many men of real ability looking for work, this employer was unable to find the type of man needed to fill a vacancy. The problem of bringing the job-hunter and the job together is always serious. Today it is acute.

In the trade association management

field, an effort is being made to solve it. The American Trade Association Executives have organized a voluntary placement committee.

No charge is made for the service and the work is sustained by the voluntary contributions of its members. Although the primary object is to place experienced executives with trade associations, most of the men available have had commercial experience and some have specialized in commercial work.

The men turn into the common files whatever they dig up in the way of leads to any kind of a job. The information is turned over to a man with the necessary experience for his personal follow-up—M. L. HEMINWAY

Take Your Choice at Fifty-Five

A Life Income of
\$200 a month
• or •
\$31,720 Cash

Subject only to evidence of insurability, and in accordance with Company limits, you may have the additional choice of

Paid-up Life
Insurance of \$20,000
and \$20,400 Cash
• or •

A Paid-up Life
Insurance Policy
of \$56,020

A John Hancock \$20,000 Retirement Fund Policy will make the above choice possible for you.



John Hancock Inquiry Bureau
197 Clarendon Street, Boston, Mass.
How much will it cost me annually to receive the above benefits when I am 55?

I was born.....

Name.....

Street and No.

City..... State.....

N. B. 12-32



3 out of 4 ducks winter near NEW ORLEANS

Of course, you have heard about the good hunting near New Orleans. You can bet that it is true, because 75% of the waterfowl west of the Alleghenies winter in this neighborhood. There's plenty of ducks, geese and snipe. And if dawn one fine morning finds you in a blind, just expect a good day's sport. That's not all. Within two hours of New Orleans there is fine fresh and salt water fishing. And in town, fairways are green all year. Thoroughbreds are racing, night clubs are gay till the small hours. This is the Paris of America, center of a "happy hunting ground." Come on down. Travel rates were never lower. Write us now or come in when you arrive. We will make all arrangements for you.

CONVENTION AND VISITORS BUREAU
ASSOCIATION OF COMMERCE, New Orleans
MARDI GRAS - FEBRUARY 23 TO 28

When writing please mention Nation's Business

Roosevelt Talked Business With Me

(Continued from page 16)

come from abolishing activities in which the government had scant reason for engaging in the first place. I have found in New York that it is possible to operate a government for much less money than was spent in more prosperous times."

Then, he added, with conviction, "But to do that without sustained and organized backing in the face of intense objections of organized groups is quite another matter."

"Will business men, among others, stand and be counted when specific issues of economy arise? Saying that they are for economy in principle is all very well, but it does not mean much when they remain discreetly silent in the presence of specific application of that principle."

"Seriously, when a proposal comes forward to cut the patronage costs of the Post Office, do away with unjustifiable federal aid payments to the States, or do any of the other things that any business manager knows should and can be done, will business men create in their home communities and congressional districts the public sentiment required to offset the highly organized demands and political threats of minority interests intent upon preserving particular extravagances from which they benefit? Or will they continue prodding their congressmen and senators to get jobs for their friends, obtain contracts for public buildings, and generally obstruct the path to effective governmental economy? Business men themselves can do a great deal to enforce economy policies if they really want economy."

As I moved to leave, Mr. Roosevelt said, "You asked me what I would say to the 300,000 readers of NATION'S BUSINESS if I could meet them all in one room and talk to them for a few minutes. I think I have told you. The dominant issue is to determine what we are going to do from now on to prevent a repetition of the conditions we have known since 1929."

"Between them, government and business have contributed to the creation and continuance of those conditions. Together, they must correct them."

"During the past decade, we have trod a dangerously long distance from fundamental, common-sense policies on an unfamiliar path of governmental action in economic matters. In some respects we must retrace our steps. In others, we must move boldly in new directions suggested by study of the necessities of the situation."

"We hear much about loss of confidence. That there was such a loss for a time scarcely can be denied. Instead of

exhorting people to have confidence in the policies that lead to their injury, I propose that we move courageously, both in government and in business, to correct the errors of judgment, the excesses, and the abuses in the face of which general confidence could not conceivably have been sustained."

"A better understanding between government and business must precede the solution of many current economic problems. Business cannot solve them alone. Neither can government. Each, acting with full vigor in its proper sphere, must cooperate intelligently with the other to restore conditions which really justify confidence in the judgment and integrity of our political leadership; to revive our business activity, and to safeguard the welfare of the nation as a whole."

With that thought closed a chat—certainly no formal interview with studied answers to direct questions, but rather the easy discussion one would associate with an evening in front of a log fire—with a man of striking characteristics. As other callers have remarked, the impression of the man himself—his friendliness, his smile, his intense manner, his invariable mental habit of thinking of even the dullest problem in the terms of its human causes and human effects—lingers and grows even after his particular declarations have receded into the background.

Value of Keeping Calm

THE eagerness with which big executives look for young men who can act with cool efficiency under strain, is indicated in a story about the late Henry P. Davison recalled by his son, Assistant Secretary of War F. Trubee Davison.

One sunny morning when Henry P. Davison, then a mere youth, was paying teller in the Astor Place Bank in New York, a man with a wild gleam in his eye, walked up to the window, leveled a cocked pistol at him, handed him a check for \$10,000 made payable to "Almighty God!" and called for the cash. Davison, unhurried and imperturbable, read the check loudly enough to give others in the bank an intimation that something was wrong, and reached for the money. While he was counting it, the bank guard, taking the crank from behind, caught his arm and twisted it upward. The gun went off, putting the bullet into the ceiling.

Directors of the Liberty National Bank, hearing of the incident, sent for Davison and gave him a job as assistant cashier.—J. H.

Menace of Bureau-Made Laws

EXTRACTS from the argument of NEWTON D. BAKER for the plaintiff in the case of the *Appalachian Electric Power Company against the Federal Power Commission*.

IF HAVING the power to regulate a subject gives any government in the United States the right to say to a citizen, "I have the power to regulate your commerce and I propose to use that power to extort from you, without the payment of compensation which the Constitution requires you to have when I need your property for public purposes, your property as the price of the regulation which I am going to exercise upon you," then the whole system of government ordained by the Constitution has changed. . . .

Nothing has so much characterized the recent development of the institution of free countries, and I am speaking now at the moment primarily of England and the United States, as government by administrative tribunals. We used to have the functions of government divided into the three classical divisions, the legislative, executive and judicial, and that was supposed to be almost as sacred as a part of Holy Writ. By gradual processes there came to be included a fourth division. If the lighter touch may be permitted, it is almost as nebulous as the fourth dimension which Einstein has introduced into the system of measurements by coordinates, but nevertheless there it is.

Congress has found that in the scheme of its legislative activity it wants to legislate for situations without having the time to stop and discover all the situations to which it will apply and therefore it passes laws which say that whenever a situation arises which contains certain elements, enumerating them, the law shall be so and so, and we will create a fact finding agency which will determine when those prerequisites are found in conjunction.

After a while these agencies were finding that they needed to add something to what Congress had said by way of general legislation in order to apply the law, to make it work, and there grew up the practice, both in England and the United States, of conferring upon the administrative tribunals the power to make rules and regulations that had the effect of statutes, and now we are having, both in England and here, a growth of this administrative function which is neither legislative nor judicial.

It has been held in many instances that some of its features do not involve a delegation of legislative or judicial

power but merely fact finding agencies to determine the applicability of rules of law.

Lord Chief Justice Hewart of Great Britain, who is one of the greatest living lawyers, has recently written a book called "The New Despotism," in which he undertakes to warn Great Britain—we will leave United States out for a moment—that the growth, the accretion of power, the absorption and the enlargement of function that is going on in these administrative tribunals is robbing Parliament of its legislative power and seeking more and more to cut off the judicial power of the courts to protect the rights of private citizens.

Protection by courts

FORTUNATELY we do not have to be very much alarmed about it in this country because Mr. Jackson [Raymond T. Jackson, Mr. Baker's associate] read to Your Honor yesterday that ringing declaration by Mr. Chief Justice Hughes, which I think will never be changed as long as the present Constitution governs this country, that where the facts out of which a claimed constitutional right arises are to be determined, they may not be conclusively determined against inquiry and review by the courts by any administrative tribunal whatever. If I walk into this court and say to Your Honor that I claim a constitutional immunity or privilege or right, no one from the Congress of the United States down to the last created administrative tribunal, can say "If Your Honor please, I have determined against him the facts on which his claim of right exists." Having to determine that right and protect it, the courts of the United States determine the factual basis.

So that when Mr. Thompson [Huston Thompson, Special Assistant to the Attorney General] undertakes to say with somewhat inconsistent eloquence, it seems to me, in one breath that the findings of this Commission are unreviewable by the courts or by anybody else, he overlooks the fact that the findings of that tribunal on a question of fact are the very basis upon which we claim our constitutional rights rest.

The recognition of the utility and convenience of administrative agencies for the investigation and finding of facts within their proper province, and the support of their authorized action, does not require the conclusion that there is no limitation of their use, and that the Congress could completely oust the courts of all determinations of fact by vesting the authority to make them with finality in its own instrumentalities or in the Executive Department. That would be to sap the judicial power as it exists under the Federal Constitution, and to establish a government of a bureaucratic character alien to our system, wherever fundamental rights depend, as not infrequently they do depend, upon the facts, and finality as to facts becomes in effect finality in law.—Chief Justice Hughes in *Crowell vs. Benson*, 285 U. S. 22.



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As I view equipment prices at this level the possibilities of advance seem to me to exceed those of decline. We have been bending every effort to keep in a strong, financial position. Let us now use the opportunity this gives us to be ahead in getting our orders in for what we need and have been holding off buying.

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Things Talked about in Wall Street

By a Staff Writer of NATION'S BUSINESS

NEW YORK, NOVEMBER 10
HOPES of better business found no reflection in activity on the Stock Exchange through late October and early November. The last day of October saw the smallest sales of any full day in eight years. Lacking any better reason the sluggishness was laid to the approaching election which is always a fair excuse.

Hesitation over buying either for speculation or investment might be found in the still unsatisfactory business situation. The public was still being told that things were better, that the "outlook was brighter" but most of the definite assertions were that things had stopped going down or were going down more slowly.

WHAT effect will the experience of the last three years have upon the public faith in common stocks as an investment? That is a question a good many men in the financial district have been asking.

It will be recalled that some eight or ten years ago there was a considerable discussion of the topic. Charts were drawn, speeches were made and books were written to show that common stocks were the proper long-term investment for everyone. A leading factor in this propaganda (the word is not used in a critical sense) was a book by Edgar Lawrence Smith published eight years ago this month.

The book carried the result of a number of tests of common stock holdings over considerable periods and formulated this law:

Over a period of years, the principal value of a well diversified holding of the common stocks of representative corporations, in essential industries, tends to increase in accordance with the operation of compound interest.

Such stock holdings may be relied upon over a term of years to pay an average income return on such increasing values of something more than the average current rate on commercial paper.

Here's one of the tests cited in Mr. Smith's book going back to 1906:

Common Stocks	No. of Shs.	Pur. Price	Amt. Invested
Pennsylvania R. R. (50).....	15	72	\$1,080
U. S. Steel Corp.	25	43	1,075
Amalgamated Copper	10	110	1,100
American Tel. & Tel.	7	141	987
Standard Oil	1	697	697
Consol. Gas Co. (N. Y.).....	5	181	905
Pullman Co.	4	244	976
General Electric Co.	6	178	1,068
Internat. Mercantile Marine....	79	13	1,027
Corn Products	57	19	1,083
Total Investment			\$9,998

These stocks cost \$9,998 in January, 1906, and were worth \$14,135.25 on December 29, 1922. What are they worth now? It would be hard to say since consolidations, split-ups, stock dividends, would all have to be reckoned with. To compare the one share of Standard Oil of 1896 with the various shares into which it was divided would call for some research, but some ardent statistician might like the job. A glance at the Stock Market page may give the ordinary man an idea.

CERTAINLY faith in common stocks for the small investor for long-term holding must have got a jolt in the last three years. A great mass of the buying of the pre-crash period was not investment buying but pure gambling. Everyone bought "for the rise."

SOME years ago Samuel Vauclain, then president of the Baldwin Locomotive Company was talking with me about various ideas of bettering employee relationships including the sale to workers of stock on easy terms and at low prices. Suddenly Mr. Vauclain stood up, waved a powerful arm out toward the workshops and said:

"There isn't a man out there who ought to own a share of Baldwin Common. There are other ways for them to invest their money—savings banks, building and loan associations and so on. If I buy Baldwin and it goes down I try to be cheerful. If one of our workmen buys Baldwin with our help and it goes down he's apt to be resentful."

ALEXANDER DANA NOYES has been a financial editor of one or another leading New York paper for more than 40 years. He saw, and described, the country slip down into the depths in 1893, in 1897, in 1907. He saw business go down and come up. He saw it take its deepest (until 1932) decline in 1921 and shoot up almost as fast as it came down. So when he lists these eight reasons for believing that we are recovering, he speaks with experience:

1. The recovery of nine per cent in three months in commodity prices.
2. Retardation of the decline in railway traffic.
3. Increase in textile production.
4. Acceleration of increase in steel production.
5. Decline in bank failures.

6. Return to circulation of hoarded money.

7. Recovery of gold withdrawn by European creditors.

8. General increase in world's gold production.

ALL these things are important, yet as one reads them over most of them seem remote from everyday life, to have little to do with the ordinary buying and selling which to most of us is business. On the same day that the New York Times published Mr. Noyes' eight points for proving recovery its front page recorded:

"Grains Drop to Lowest Values on Record," and to the average reader that seems to affect all the eight points.

YET, every man with whom I have talked in the last three or four weeks insists that recovery is under way. The head of the statistical department of a great industry put it this way:

"I have seen enough to make me feel sure that we are in, or have passed, the trough of the depression—the latter I think. But that doesn't make the recovery visible to the naked eye. The trained observer knows from the rising glass, the shift of the wind, the lessening of its velocity, that the worst of the storm is over long before the sun is out. I think that in the spring of 1933 we shall begin to say confidently to each other: 'Well good times are on the way back, aren't they?' But between this November 1 on which date I'm talking and that hoped-for spring is a 'winter of discontent' still to face."

THE man whom I've just quoted didn't look for a rapid recovery even by spring. He thought that it would take a long time, years perhaps, to get back to the level of 1925 to '28.

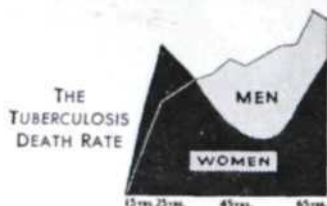
ANOTHER economist of equal note disagreed. He sees a sharper rise, another boom and a drop to greater depths than we are going through. Most of us hope the second man is wrong.

A PHRASE in frequent use in business circles has been: "This country has too many banks and not enough bankers." The first complaint is being remedied partly by consolidation and merger,



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mainly by failure. At midyear of 1932, there were 19,046 banks and trust companies in the United States and since that time more have failed than have been founded.

There were in 1921 about 31,000 banks and trust companies in the United States, one to every 4,000 population. Now we're down to one for every 6,000 or more, a better figure but it may well be argued that we still have too many banks. It's a fair guess that we shall have fewer rather than more banks in proportion to the population in the future.

The death of a bank is painful to stockholders and depositors but it may be good for the general welfare.

IF Wall Street hasn't had a great deal to do lately, it has had plenty to talk about. The week before the United States Steel directors decided not to cut the preferred dividend was full of gossip on that subject. Opinion was divided. Steel has usually managed to keep its dividend plans pretty much to itself and this time was no exception.

Chairman Myron C. Taylor in July virtually told stockholders that if steel trade conditions did not improve no further dividends would be paid on the senior shares. Conditions did improve. Steel operations moved up from 11½ to 19 per cent of mill capacity. But the Big Corporation dropped \$20,871,000 in the September quarter alone, the heaviest deficit of the depression period. Wall Street was divided 50-50 in its forecasts with respect to the dividend, but the directors voted to pay, thus adding \$6,305,000 to the deficit.

SECOND in importance among Wall Street topics was the meeting at City Hall, at which Charles E. Mitchell, head of the National City Bank of New York, talked like a Dutch uncle to the executive family of the city.

The Mayor, Controller, *et al.* apparently had been figuring on the banks as an inexhaustible source of funds from which they could draw at any time. There was a little incident of economy pledges and promises to cut payments which had completely escaped the memory of the City's Estimate Board. Some of these pledges and promises had been made by Mayor Walker.

"Cut your budget or go elsewhere for your money," said Mitchell, politely but firmly.

NEAR the end of 1931 a banker made this pertinent observation.

"We shall have every reason for gratitude if 1932 treats us as well as did 1931. In fact, it is an almost certainty that 1932 will be a bad actor."

How accurate was his forecast has been repeatedly emphasized in the statistical record of the year, in employment, in bank clearings, in car loadings, in corporation earnings and finally in the untold misery and suffering attributable to this terrific slump in world-wide industry and trade. It is noticeable, however, that, as the year advanced, comparisons with corresponding periods in 1931 were less drab and dreary, indicating anew that the country was slowly but surely digging itself out.

In a year in which General Motors Corporation can earn only eight cents a share in nine months; the United States Steel Corporation uses up \$55,000,000 of its surplus in the same period and Westinghouse Electric Company loses millions of dollars from general operations, not so much can be expected for the concern which has no surplus to fall back upon.

THE United Fruit Company has cut down the book values of its fixed properties by \$51,000,000. It has also cut down the appraisal of its materials, merchandise loans, etc., by another \$3,000,000. That means that deprecia-

Where Business Will Meet in December

DATE	ORGANIZATION	PLACE
1	National Society of Live Stock Records Associations	Chicago
1-2	American Railway Development Association	Chicago
2-3	American Association of Textile Chemists and Colorists	Greensboro, N. C.
2-10	National Standard Parts Association	Detroit
3	Granite Manufacturers and Quarriers Association	Barre, Vt.
3-5	National Warm Air Heating and Ventilating Association	Washington
5	Association of Asphalt Paving Technologists	New Orleans
5	National Boot and Shoe Manufacturers Association	New York
5-7	American Farm Bureau Federation	Chicago
5-8	Mason Contractors Association of United States and Canada	London, Ont.
5-10	National Exposition of Power and Mechanical Engineering	New York
6	American Institute of Weights and Measures	New York
6-8	National Glass Distributors Association	Pittsburgh
7	American Dairy Federation	Chicago
7-9	American Institute of Chemical Engineers	Washington
12	Mountain States Honey Producers Association	Boise, Idaho
12-14	National Automotive Parts Association	Detroit
14	Malleable Iron Research Institute	Cleveland
27	National Association of Accredited Commercial Schools	Chicago
29-30	American Statistical Association	Cincinnati

Secretaries of national trade associations are urged to notify *Nation's Business* of their coming meetings. Notice of conventions should reach *Nation's Business* at least 30 days before date of publication of the issue in which they are to appear.

tion, if reckoned as in former years, will be some five millions a year less—which will help earnings.

Of course, this new valuation has no effect on the company's assets. It's

merely a readjustment of their probable price in view of changing times. It's a tightening up of the belt for a hard race ahead and it's in line with the policy of other large companies.

Our Effort to Balance the Budget

(Continued from page 32)

All of the groups which have plans for solving the depression or of alleviating unemployment distress by means of federal appropriations—such as immediate payment of the bonus, the \$5,000,000 bond issue for public works, unemployment insurance, the bolstering of farm prices, the easing of farm mortgages—will have to be heard. Their onslaughts have less importance in this discussion, however, than might be generally supposed. Any such projects would be financed by debt transactions outside the ordinary budget. They might jeopardize the Government's credit, but they would not require the immediate levy of large, new taxes.

Recall also that much of last spring's economy legislation—such as the payless furlough—lapses next June unless it is renewed by positive enactment. That issue must be fought out again in connection with the 1934 budget.

Any calculation concerning 1934 expenditures is a guess. Too many battles have to be fought and decided. One large-scale move could knock any advance estimate into a cocked hat.

Nor can much be said concerning the 1934 yield from existing taxes. For example, the gasoline tax will lapse June 30, and its reenactment would arouse as determined resistance as almost any single proposal that could be made. There will be agitation by various groups seeking either to moderate or to increase still further the already high rates of income tax. There will be a move to substitute a manufacturers' excise tax for the special excises voted last spring, or perhaps superimpose it on the excises. Many congressmen have pledged themselves to the manufacturers' tax. But three months is an impossibly short time for a major revision of tax laws.

In the matter of new tax legislation, there will be strong counsel to "stand pat," to see a little more of what existing taxes will produce, a little more of what expenditures will be voted, and a little more of whether business recovery will materialize. With any perceptible business upturn, the present laws would yield a flood of revenue. They are enormous potential producers. A substantial rise in business volume would bring in more money than almost any new or increased tax that could be levied.

The chances appear to be that, except for some amendments of existing laws, Congress will do little or nothing about taxes in the short session, leaving to a special session of the new Congress any revision which later may become imperative.

—MORRIS EDWARDS

Statement of Ownership

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of Nation's Business, published monthly at Greenwich, Conn. and Washington, D. C. for October 1, 1932.

City of Washington, County of District of Columbia, ss. Before me a Notary Public in and for the state and county aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the Editor of Nation's Business and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Chamber of Commerce of the U. S., Washington, D. C.; Editor, Merle Thorpe, Washington, D. C.; Managing Editor, J. W. Bishop, Washington, D. C.; Business Manager, J. B. Wyckoff, Washington, D. C.

2. That the owner is: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors. The officers are as follows: President: Henry I. Harriman, Chairman of the Board, New England Power Association, 20 Somerset Street, Boston, Mass. Vice Presidents: Matthew S. Sloan, 2 Montague Terrace, Brooklyn, N. Y.; Julius P. Fishburn, President, Times-World Corp., Times Bldg., Roanoke, Va.; Felix M. McWhirter, President, The Peoples State Bank, Indianapolis, Ind.; F. Peavey Heffelfinger, Vice President & General Manager, Monarch Elevator Co., 317 Chamber of Commerce Bldg., Minneapolis, Minn.; Nathan Adams, President, First National Bank in Dallas, Dallas, Texas; Paul Shoup, Vice Chairman, Southern Pacific Co., 165 Broadway, New York, N. Y. Treasurer: Oscar Wells, Chairman of the Board, First National Bank, Birmingham, Alabama. Secretary: D. A. Skinner, Chamber of Commerce of the U. S. A., 1615 H St. N. W., Washington, D. C.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

MERLE THORPE

(Signature of Editor.)

Sworn to and subscribed before me this 5th day of October, 1932.

(Seal)

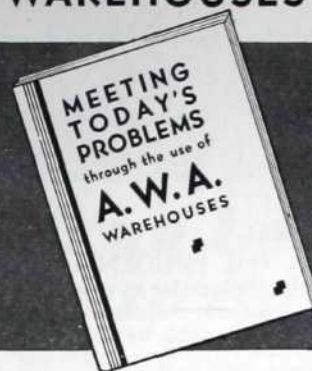
WALTER HARTLEY

(My commission expires Sept. 15, 1937.)
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| <input type="checkbox"/> Banking and Finance | <input type="checkbox"/> Expert Bookkeeping |
| <input type="checkbox"/> Telegraphy | <input type="checkbox"/> C. P. A. Coaching |
| <input type="checkbox"/> Rail. Station Mgm't | <input type="checkbox"/> Business English |
| <input type="checkbox"/> Railway Accounting | <input type="checkbox"/> Commercial Spanish |
| <input type="checkbox"/> Paper Salesmanship | <input type="checkbox"/> Effective Speaking |

LA SALLE EXTENSION UNIVERSITY
Dept. 12374-R Chicago

Office and Secretarial

Facilities We represent out-of-town concerns. Complete service for their salesmen or representatives.

Write for details.

COMMERCIAL SERVICE CO.
2nd Nat'l Bank Building Houston, Texas

MERLE THORPE
Editor of Nation's Business

is on the air

Every Saturday Night over the
National Broadcasting Company's
Coast-to-Coast Network

7:15 to 7:30
EASTERN STANDARD TIME

Competition of Cheap Currency

AMERICAN manufacturers in recent weeks have complained against the competition of merchandise imported from countries having depreciated currencies. The President of the United States and the Secretary of Commerce have both drawn attention to this problem, the President instructing the chairman of the Tariff Commission to investigate competition in a number of important lines affecting many sections of the country.

Shortly after Great Britain and other countries departed from the gold standard in the fall of 1931, the National Chamber, through its Western Division meeting in Spokane, directed attention to the danger this might bring to American industry. The views of the Western Division were upheld by the Chamber's Board of Directors in January, 1932, and the Chamber's Executive Officers urged emergency legislation before the appropriate House Committee in the last session of Congress. The Annual Meeting in May also urged passage of this legislation.

Legislation was not enacted, due largely to the Tariff Commission's belief that prices in the depreciated currency countries would right themselves to the extent of the depreciation. This, however, has not occurred, as has been

brought out strikingly in a report of the Foreign Commerce Department Committee of the Chamber recently made public. That Committee has analyzed the competitive advantage gained by depreciation in those countries whose currencies are not near par, and has indicated the type of new legislation which, in its opinion, is needed to combat that competition.

The Committee does not see adequate remedy in the existing flexible tariff and anti-dumping legislation. It proposes that, in the case of countries having currency depreciation of five per cent or more, there be new charges sufficient to compensate for the amount of depreciation for all imports dutiable or free, except products not produced in the United States in recognized commercial quantities or which it has been the policy of the Congress to exempt from duty irrespective of competition.

Further, *ad valorem* duties, the Committee thinks, should apply not to the depreciated currency value, but to the depreciated value plus a compensating charge equal to the amount of the depreciation. If, in any country, domestic prices and wage scales have risen since the currency was depreciated, this would be considered in setting the compensating charges.

Through the Editor's Specs

(Continued from page 7)

jousting with shadowy forces "who would undermine the American merchant marine." Well, Don Quixote, we stand at attention. Who are these sinister despoilers of our life and liberty? Of them, the respected Chairman says: "I think sometimes we do not realize how powerful are the forces now at work. The recent intensive drive for curtailment of government expenditures has given them a new line of argument. Present indications are that during the coming Winter they will launch a major attack."

But it looks as if the cavalry will get to the frontier fort in the nick of time, for the chairman says that "with your help and with the help of other supporters of the merchant marine, we shall repulse the attacks of those who would destroy us."

cents and then spend any or all of the ten dollars if the clerk suggested the purchase of any other merchandise. The results of this experiment were:

Store Number	Spent	Returned
No. 1	\$.50	\$ 9.50
No. 2	.60	9.40
No. 3	1.89	8.11
No. 4	.25	9.75
No. 5	.25	9.75
No. 6	5.13	4.87
No. 7	.50	9.50
No. 8	.40	9.60
No. 9	.30	9.70
No. 10	.50	9.50
Total	\$10.32	\$89.68

"Here were ten persons with \$100 to spend," concludes the Trust Company, "—needing only an invitation. They themselves asked for \$5.00 worth of merchandise and the ten salespeople collectively asked them to spend \$5.32 more—a total of \$10.32. In each case the buyer displayed his ten dollar bill, made leading suggestions that he was undecided as to what he wanted or how much he wanted to spend and wandered about the store before and after the purchase was made looking at

IT ALL amounts to more energetic selling. A bit of evidence comes from Harry B. Chase, Rochester, N. Y. The Security Investment Company of Riverside, Cal., gave each of ten employees a ten-dollar bill. Each was assigned a business block from which to select a business house. Each was instructed to go in and make a specific purchase of some article costing from 25 to 50

other goods. In only two cases out of the ten did the clerk suggest any other purchase. We believe this clearly shows that more merchandise can be sold to the mutual advantage of the customer and the store. But because we have fallen into the lethargy of believing that there is no business to be had we do not really try for it."

CHAIRMAN STONE, of the Federal Farm Board, states that if the stabilization features of the Farm Board Act are repealed it will set back agriculture 20 years.

Twenty years ago wheat was selling for 89c; corn 65c. Is the Chairman issuing a warning or making a promise?

LOUIS A. HIRSCH, president of the National Association of Uniform Manufacturers, concluded his testimony concerning uniform shops at military depots before the Shannon Committee investigating government competition with private business, with the question: "Do we send them to West Point to become tailors?"

WHAT would you do if, after serving on a chamber of commerce tax committee which demanded retrenchment in municipal pay rolls and other expenditures, you received from a group of public employees a letter containing an implied threat to boycott your business unless you ceased your efforts to reduce taxes?

The following is taken from the response of one mid-western retailer who was placed in that position:

I know of no right, either legal or moral, entitling an association of governmental employees to interrogate (or intimidate) a private citizen and taxpayer as to his views on a public question. Your peremptory demand suggests that you are superior to the people and that there is some inherent wrong in holding views not approved by public employees.

There ought to be a Distinguished Service Cross for peace-time service.

EDITOR HANNA, of the *Chicago Journal of Commerce*, presents another example of a costly national habit:

In the St. Joseph Livestock Exchange, the Department of Agriculture maintains a force of seven persons in the market news service . . . at a cost of about \$25,000 a year.

Before the Department of Agriculture took over the market news service at this exchange, the secretary and one clerk did all the work at a cost of \$2,400 a year.

AFTER a holiday of some six weeks from radio talking, I began again over the National Broadcasting Company's system at 7:15 p.m. on Saturday, November 26, and shall continue to speak every Saturday evening.

I told a friend—at least I'd always thought him a friend—about it and he said: "Well, that's fine. You'll follow Amos 'n' Andy. I always thought it must be an advantage to follow a good program before

folks have time to turn the radio off."

Somehow I didn't like the way he stressed the word "good." And anyway, before my first broadcast, Amos 'n' Andy went off the air on Saturdays. Nevertheless I'm going on with the plan and there's nothing I'd like better than to get from NATION'S BUSINESS readers suggestions as to topics I might discuss.

OUTSTANDING bureaucratic contributions of the month:

"The keeping of meat in the household refrigerator is a subject of concern to the housewife," according to the Department of Agriculture's Bureau of Home Economics.

"One of the recognized methods of preventing hay fever," says the Public Health Service, "is that of passing the hay-fever season in some locality in which the patient finds relief."

W.T.

Prescribing for the Street Car

(Continued from page 36)

Chamber itself can be depended upon to do all that is possible to keep alive the spirit of the resolution. But the matter now becomes a local issue and success in the solution of local transportation problems will follow in just such measure as transportation executives apply themselves to the task in their own individual communities."

On the committee which made the report were:

Chester I. Barnard, (Chairman), Newark, president, New Jersey Bell Telephone Company.
A. J. Brosseau, New York, president, Mack Trucks, Inc.
G. H. Clifford, New York, president, Stone & Webster Service Corporation.
W. W. Cloud, Baltimore, president, National Association of Taxicab Owners.
L. F. Eppich, Denver, president, L. F. Eppich, Inc., formerly president, National Association of Real Estate Boards.
Howard W. Fenton, Chicago, president, Harris Trust & Savings Bank.
Henry I. Harriman, Boston, president, Chamber of Commerce of the United States.
E. R. Johnson, Roanoke, Va., president, Roanoke Securities Corporation.
Alfred B. Koch, Toledo, president, The LaSalle & Koch Company.
John B. Lear, Philadelphia, vice-president, National Association of Building Owners and Managers.
W. B. McEwen, High Point, N. C., president, McEwen Lumber Company.
Lee L. Miles, Louisville, president, Louisville Taxicab & Transfer Company.
Garrett T. Seely, Chicago, vice-president and general manager, Chicago Motor Coach Company.
John N. Shannahan, Omaha, president, Omaha & Council Bluffs Street Railway Company; formerly president American Electric Railway Association.
D. L. Turner, New York, formerly chief engineer, New York Public Service Commission.



Why let it come to this?

● The time to stop a fire is at the start...The records of the National Fire Prevention Association report tremendous losses, due to fire and water, directly chargeable to DELAYED ALARMS!

● When a building is protected against fire by an A. D. T. automatic protection system, the first tongue of flame causes an alarm to be flashed, with lightning speed, to the A. D. T. Central Station and the nearest Fire Department...not a moment is wasted.

● A. D. T. automatic fire detection and reporting systems are providing greater safety in thousands of buildings—sprinklered and unsprinklered! They effect important economies as well!

● Give A. D. T. the job of safeguarding your premises...You'll find A. D. T. a super-watchman—on duty in all parts of your building at the same time—24 hours a day—every day of the year...a watchman who never sleeps...never gets excited...and who never hesitates when fire strikes.

● A. D. T. is a nation-wide organization for protection against fire and theft. Send for more information...Find out how you stand in this matter of protection—what A. D. T. can do for your security and safety. No obligation.



CONTROLLED COMPANIES OF
**AMERICAN DISTRICT
TELEGRAPH COMPANY**
155 SIXTH AVENUE - NEW YORK, N.Y.

AMERICAN DISTRICT TELEGRAPH COMPANY
155 Sixth Avenue, New York, N.Y.

Please send me booklets describing your Automatic Protection Systems.

☐ For Sprinklered Property

☐ For Unsprinklered Property

Name _____

Address _____

When writing please mention Nation's Business

Here's the way to bring XMAS JOY to SMOKERS



THIS handsome one-pound glass humidor of fresh Edgeworth Ready-Rubbed Smoking Tobacco makes a welcome Christmas gift. You can't go wrong in giving Edgeworth. The glass humidor will be permanently prized by the smoker for keeping his tobacco fresh.



\$1.50

THE one-pound humidor tin, especially wrapped to make an attractive gift. Filled with cool slow-burning Edgeworth Ready-Rubbed in perfect smoking condition. Edgeworth Ready-Rubbed is also sold in pound vacuum packed tins. These are best for your friends who live in high altitudes or at a great distance.

worth Ready-Rubbed is also sold in pound vacuum packed tins. These are best for your friends who live in high altitudes or at a great distance.

or for only...75¢

THIS half-pound tin of Edgeworth Ready-Rubbed makes an attractive, inexpensive present in its bright gift carton. Also sold in half-pound vacuum packed tins. Edgeworth Plug Slice also in half-pounds. All in attractive Christmas cartons.



Ask your nearest dealer to show you these Christmas packages. If he cannot supply you, send us your order for the packages you want, with remittance, the names and addresses of those you wish to remember, and your card of greeting for each friend. All delivery charges prepaid. Please be careful to specify Edgeworth Ready-Rubbed or Edgeworth Plug Slice. Address Larus & Bro. Company, 119 South 22d Street, Richmond, Va. Thank you—and a Merry Christmas.

When writing please mention Nation's Business

THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

"And....."

ON the high seas, with a clear sky, it is safe to let the engineer go full speed ahead with a common sailor at the wheel. But in a storm, the wise captain calls on engineer AND pilot, on officers AND crew.

In times like these business calls on ALL of the powers of modern advertising. It calls on Promotion AND Publicity AND . . .

The great value of modern advertising lies in that word "AND"—in its coordinating power—in its insistence on continuity—production AND distribution, making AND selling, advertising AND consumption—these are natural units.

Business faces new obstacles, and advertising has prepared new methods of surmounting them. Frank discussion with pilot AND engineer AND officers will help the captain bring his business ship safely to port.

For years the advertising wheel in the business machine has been dropped into the gears, regardless of its drain on power or of the danger of tooth stripping. Speed was the sole aim.

A few business engineers discovered that advertising had built some more wheels, and these were somewhat timorously used. There was a synchronizing gear of Market Knowledge that helped to equalize supply and demand in production; there was a governing gear of Brand Acceptance that maintained quality of output; there was a reducing gear of Sales Operation that made for economical and profitable running of the business engine.

Modern business men are growing engineering minded. They are considering as never before the mechanical perfection of their business machinery. They are studying to mesh-in properly, smoothly, scientifically, all of the gears that belong to that engine. Therein lies the salvation of business—and of that vital factor of modern business—

MODERN ADVERTISING.

C. C. YOUNGGREEN, Vice-President
McJunkin Advertising Company,
Former President
International Advertising Assn.

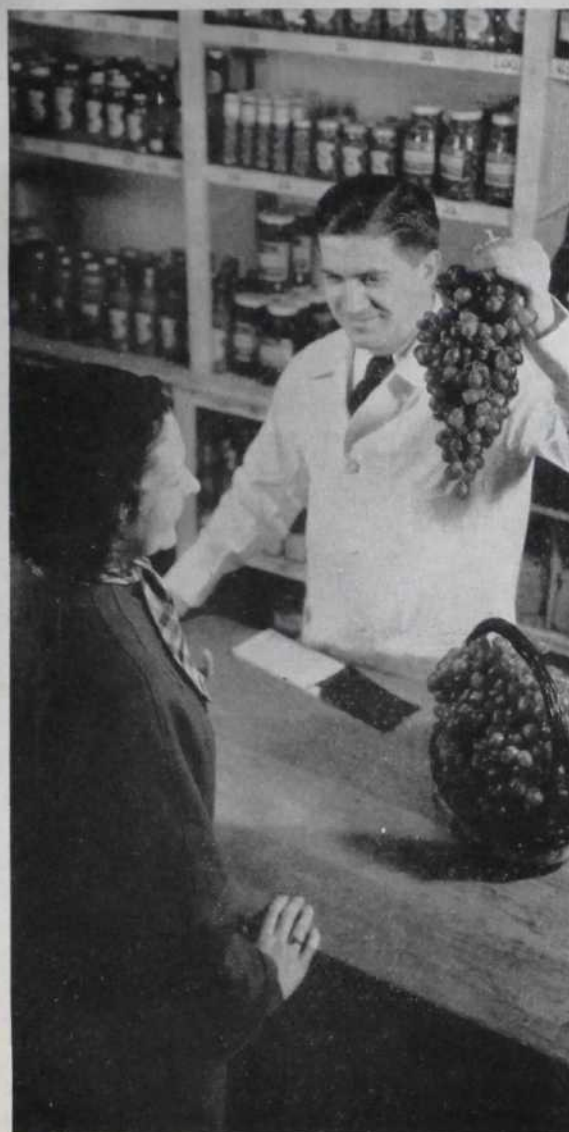
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**Mr. Chicago
Gets his Plant
Equipment,
Quickly!**



*Mrs. New York gets
her grapes, fresh!...*

Huge, heavy industrial equipment and perishable table delicacies—both travel via Erie, swiftly and safely. For Erie has the equipment and the facilities to transport and handle all classes of freight.

Put your shipments in Erie's hands when you want on-time deliveries in good order. There's an Erie representative near you. Consult him—he's a m-i-g-h-t-y good man to know.

RAILROAD

ERIE

SYSTEM



TOO LATE!

THIS accident could have been prevented. It's too late now to think of the few simple precautions that would have made it impossible.

Though the workman receives compensation through the insurance carried by his employer, in a broad sense there is no adequate compensation for serious injury.

On humanitarian grounds alone accident prevention pays rich dividends. It happens that when policyholders of a *mutual* casualty insurance company interest themselves in prevention of accidents, a very practical result follows in the form of actual cash dividends returned to the policyholders, reducing the net cost of their insurance.

This aspect of the *mutual* plan of insurance operates whether the risk be workmen's compensation, automobile insurance, burglary and theft or any of the other casualty forms.

Mutual companies strive constantly to assist their policyholders in accident prevention. It has been a cardinal principle of *mutual* insurance since its founding in 1752, to reduce the cost of the insurance to the policyholder by reducing the losses. It is a matter of record that millions of *mutual* policyholders, corporations and individuals, have saved a substantial part of their premiums year after year.

Every employer, every car or home owner should know the principles of the *mutual* plan. An interesting and valuable booklet will be sent free on request. Address the National Association

of Mutual Casualty Companies, Room 2100B, 230 North Michigan Avenue, Chicago, Illinois.

MUTUAL FACTS

Mutual insurance, founded in 1752, offers the policyholder all of the privileges and protection enjoyed by a policyholder in other types of insurance carriers, plus the additional rights of a direct voice in the management of the company and a share in its prosperity. Mutual policyholders have for many years received dividends which reduce the net cost of their insurance. The National Association companies have returned over \$103,000,000 in dividends in the past ten years, including substantial dividends for 1930 and 1931. These legal reserve mutual companies have over \$105,000,000 of cash assets.

Leading Veneer Company Mutually Insured

The Birds Eye Veneer Company of Escanaba, Michigan, has been insured on both its compensation and automobile risks, in a *mutual* company for many years. Thousands of plants in the lumber and associated industries are mutually protected.

FORMS OF CASUALTY RISKS COVERED BY MUTUAL POLICIES

Accident • Automobile (all forms)

Burglary and Theft • Fidelity

Liability (all forms) • Plate Glass

Property Damage • Workmen's Compensation

MUTUAL CASUALTY INSURANCE

An American  Institution

These Old Line, Legal Reserve, Mutual Companies are Members of NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES and AMERICAN MUTUAL ALLIANCE

(American) Lumbermens Mutual Casualty Co., of Illinois,
New York City

American Mutual Liability Insurance Co., Boston, Mass.

Builders Mutual Casualty Co., Madison, Wis.

Central Mutual Casualty Co., Kansas City, Mo.

Employers Mutual Casualty Co., Des Moines, Ia.

Employers Mutual Liability Insurance Co., Wausau, Wis.

Exchange Mutual Indemnity Insurance Co.,
Buffalo, N. Y.

Hardware Mutual Casualty Co., Stevens Point, Wis.

Interboro Mutual Indemnity Insurance Co.,

New York City

Jamestown Mutual Insurance Co., Jamestown, N. Y.

Liberty Mutual Insurance Co., Boston, Mass.

Lumbermens Mutual Casualty Co., Chicago, Ill.

Merchants Mutual Casualty Co., Buffalo, N. Y.

Michigan Mutual Liability Co., Detroit, Mich.

Mutual Casualty Insurance Co., New York City

Texas Employers Insurance Association, Dallas, Texas

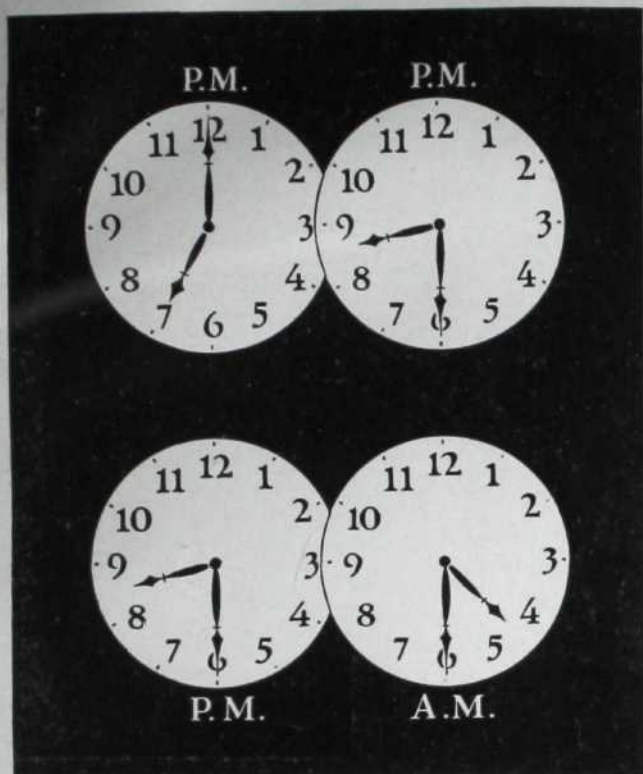
U. S. Mutual Liability Insurance Co., Quincy, Mass.

Utica Mutual Insurance Co., Utica, New York

When writing to NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES please mention Nation's Business

Bargain Hours

for *Long Distance Telephoning*



on station-to-station calls

7:00 P. M. TO 8:30 P. M. THESE
CALLS COST ABOUT 15% LESS

8:30 P. M. TO 4:30 A. M. THESE
CALLS COST ABOUT 40% LESS

THESE are times of extraordinary values—but seldom do you enjoy any values greater than those offered you every day in the year by Long Distance.

Rates for Long Distance calls are low. They have been reduced four times in recent years. During the evening and night hours, the rates for station-to-station calls—those on which you will talk with anyone who answers—are exceptionally low. Between 7:00 P.M. and 8:30 P.M. (evening period) the daytime station-to-station rates over 35 cents are reduced by 10 to 20%. Between 8:30 P.M. and 4:30 A.M. (night period) these rates are again reduced, becoming about 40% less than for daytime calls.

The bargain hours appeal particularly to those whose use of Long Distance is largely personal

or social. Many women keep in close touch with out-of-town friends and relatives. Men, away on trips, telephone home each night. Mothers talk frequently with children away at school.

In addition to their regular use of Long Distance during the daytime, many business men take advantage of the bargain hours to transact important matters *by telephone* during the evening. Sales managers have their field men call in at convenient, specified times. Executives hold regular conversations with associates in other cities. Production chiefs get verbal reports from superintendents of distant factories.

You can talk across the state or across the country as clearly as you can across the street. Telephoning between cities is *quick . . . easy . . . inexpensive.*





ERIC THE RED

"Nature in the Raw"—as portrayed by Harland Frazer... inspired by that marauding Viking chieftain whose vandalism branded him as the "Terror of the North" (975-1000 A. D.). "Nature in the Raw is Seldom Mild"—and raw tobaccos have no place in cigarettes.

No raw tobaccos in Luckies —that's why they're so mild



Copyright, 1932,
The American
Tobacco Co.

WE buy the finest, the very finest tobaccos in all the world—but that does not explain why folks everywhere regard Lucky Strike as the mildest cigarette. The fact is, we never overlook the truth that "Nature in the Raw is Seldom Mild"—so these fine tobaccos, after

proper aging and mellowing, are then given the benefit of that Lucky Strike purifying process, described by the words—"It's toasted". That's why folks in every city, town and hamlet say that Luckies are such mild cigarettes.

"It's toasted"
That package of mild Luckies